

Catalonia, the homeland of Barcelona

Practical Investment
& Business Guide
for Chinese companies



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Institutional welcome



With a strategic location and outstanding opportunities, Catalonia is positioned to be a gateway for Chinese investment in Europe. A broad and diversified business community; an excellent infrastructure and transport network; a highly skilled workforce; prestigious universities and numerous colleges and research centres, in addition to an excellent quality of life, make Catalonia a valuable strategic partner for Chinese investment projects.

A good example of these capabilities is the position of our country in recognised international rankings. According to the Financial Times' fDi Markets, in 2012 Catalonia led continental Europe in volume of foreign investment, having attracted some US \$3 billion. Catalonia also led in terms of the amount of employment created by the associated projects.

And in this regard, Barcelona stands out as a European city capable of offering a range of premiere-quality installations and infrastructures. It also has great capacity to take on new challenges and major opportunities in the fields of innovation and R&D. In addition, it was chosen as the consecutive host city for Mobile World Congress, the most important international event in the field of mobile technology and telecommunications.

Aware of the importance of the Chinese market, the Government of Catalonia is working to create a favourable environment for business deployments. It is also driving high-impact measures and structural reforms in Catalonia and Spain to stimulate the economy and restore growth. In addition, we are working particularly hard on adapting our programmes and services to the needs of Chinese investors.

I hope that this practical guide will make it easier to gain a better understanding of these and other aspects and aid in the formation of links between Catalonia and China through the establishment of institutional and business partnerships. All of these efforts have the goal of strengthening ties in the area of investment recruitment and making Catalonia Europe's leading gateway for Chinese investment.

Artur Mas
President of the Generalitat de Catalunya



China has experienced extraordinary growth in recent decades and is today one of the world's major economic powers. More and more Chinese companies seek to become worldwide enterprises and establish a presence in international markets.

Barcelona, owing to its privileged geostrategic location and its industrial and commercial tradition, has the capacity to serve as an excellent gateway to Europe, a platform for access to the Mediterranean and North African region and a springboard to the vast Latin American market for Chinese companies.

Our city is the financial, cultural and administrative capital of Catalonia, Spain's most dynamic region and a major European city known for its open and entrepreneurial spirit, its creativity and innovation, and its excellent quality of life.

The Barcelona area has long been an attractive destination for foreign direct investment in Europe. In fact, Barcelona has Spain's largest pool of foreign companies. These companies operate successfully and many expand their investments in order to broaden their activities in our territory. When you choose Barcelona as a place to do business, you choose a business friendly environment that offers a full range of infrastructures and services, a skilled workforce and competitive costs.

This guide with useful and practical information for investment and business is an example of the interest that Barcelona's city government has in fostering mutually beneficial economic relations with China. One of the aims of the Barcelona Municipal Economic Growth Strategy is to foster these relationships with strategic markets that attract investment, contribute to business growth and create jobs.

In this regard, the various agreements negotiated between Barcelona and a number of Chinese cities play a key role. Barcelona is a sister city to Shanghai, with which it maintains close relations. In recent years we have signed cooperation and friendship agreements with other Chinese cities such as Hong Kong, Beijing and Shenzhen. These agreements foster a climate of understanding and willingness to strengthen cooperation in key areas such as technology, logistics, design, tourism, urban development, trade, as well as others.

I hope that this guide will promote the arrival of new Chinese companies to Barcelona, a city of culture, knowledge, creativity and innovation. It will be a pleasure to welcome you to Barcelona and Catalonia.

Xavier Trias
Mayor of Barcelona



Casa Asia is a public diplomacy institution whose purpose is to promote knowledge about Asia and the Pacific region in Spain, and vice versa, as well as to promote and expand links with countries in this vast region in the spheres of economics, education, culture and institutional relations. The head office of Casa Asia is located in Barcelona, in honour of the traditional bonds that Catalonia has maintained with great Asian countries. The presence of this institution has been made possible thanks to the interest and determination shown by local authorities.

Casa Asia are very pleased to have actively participated in the development of this guide for investors, as it will enable Chinese business leaders to quickly and effectively gain familiarity with Barcelona and Catalonia's rich business community. We hope that the guide will be a useful tool and significantly contribute to more intense relations between Catalan and Chinese businesses.

General Director, Casa Asia

In recent years China has progressively increased its foreign investment. China's non-financial foreign direct investment amounted to US \$90 billion in 2013, up 16.8% over the previous period. In the coming years Chinese investment abroad is expected to surpass investments made in China by other countries. Europe is in the initial phase of a rapid expansion of Chinese investment. Some studies estimate that China's investment abroad between 2010 and 2012 will amount to US \$1-2 trillion. A quarter of this amount is expected to go to Europe.

We are encouraged by signs of a macroeconomic recovery in Spain and the prospect that foreign investment in this country may reach pre-crisis levels in 2014. This would definitely bode well for foreign capital. Also of interest in this regard is Spain's role as a bridge-builder between Europe and Latin America.

We place a high-priority on promoting Chinese investment in Spain within the scope of bilateral relations between our two countries. In order to meet this objective, gaining familiarity with Catalonia is a must. We believe now is a good time to invest in Spain and Catalonia, and hence want to give our full support to the publication of this first Investment Guide to Catalonia for Chinese investors. We believe you will find the opportunities you are seeking in Catalonia.

Economic and Commercial Counsellor of the Embassy of People Republic of China in Spain



1. Introduction to Catalonia and Barcelona

Casa Batlló, Paseo de Gracia. Antoni Gaudí

1.1. Catalonia and its capital, Barcelona

Catalonia is a coastal territory in north-eastern Spain bordered by France and the Mediterranean Sea. This strategic location has favoured an intense relationship with other territories in the Mediterranean region and Europe dating back more than 2,000 years.

With an area of 32,106 km², Catalonia occupies 6% of Spain's national territory. Its 7.5 million inhabitants comprise 16% of Spain's total population.

The Catalan economy is disproportionately significant: Catalonia's GDP accounts for 20% of the entire Spanish GDP, while also comprising 25% of industrial GDP. In addition, Catalan exports make up 26% of the Spanish total.

Catalonia's entrepreneurial drive, longstanding business and industrial tradition, solid production base and intense activity in foreign markets have historically made it Spain's economic engine. These factors are also proof of the competitiveness of its businesses.

Catalonia enjoys national autonomous status as a self-governing region within the **Spanish State** and the **European Union**. The **Generalitat de Catalunya** is the institutional system under which the government of Catalonia, which enjoys broad powers in a range of areas, is organised.

Catalonia is one of Europe's leading economic and industrial engines.



1.2. Main economic indicators



Barcelona, the capital of Catalonia, is a dynamic and innovative city which is internationally recognised for its design, creativity and talent as reflected in its architecture, cuisine, art and the major events that are held in it and whose influence extends to the business world. Not surprisingly, Barcelona is Europe's leading city with regards to quality of work-life balance.

Barcelona enjoys a strategic position within Southern Europe. It has excellent transport links with the rest of the continent and with other areas of significant economic growth.

All of these factors associated with competitiveness make Catalonia and Barcelona ideal for Chinese investors and businesses seeking an opportunity for expansion in Europe.

The Mori Global Power City Index 2012 ranked Barcelona amongst the world's 15 most competitive cities.

Catalonia in numbers (2012)	
Area	32,106 km ²
Population	7,571
Average temperature	16-17 °C
Winter	6 °C
Summer	30 °C
Daylight	9 hrs/day
GDP	€208 billion
GDP per capita	€27,698
Exports	€58 billion
Imports	€69 billion
International visitors	15.5 million

Note: Average temperature taken from more temperate areas. Average hours of daylight based on spring and summer calculations
Source: IDESCAT, INE and Ministry of Economy and Competitiveness



1.3. Foreign trade with China

Catalonia is the Spanish region with the highest volume of trade with China, accounting for 30% of all business between the two countries.

China, along with Hong Kong, is a major trading partner of Catalonia and represents 9% of all Catalan imports. It is ranked as the third largest supplier country.

Catalan exports to China and Hong Kong have doubled in the past five years, and China is amongst Catalonia's top ten client countries.

China enjoys a substantial trade surplus with Catalonia, as shown in the following table.



Catalonia-China Trade 2008-2012

Thousands of euros

	2008	2009	2010	2011	2012
IMPORTS	6,324,912	4,760,063	6,446,936	6,215,544	5,844,701
EXPORTS	712,033	737,708	901,587	1,044,987	1,290,974
BALANCE (deficit)	5,612,879	4,022,355	5,545,349	5,170,557	4,553,727

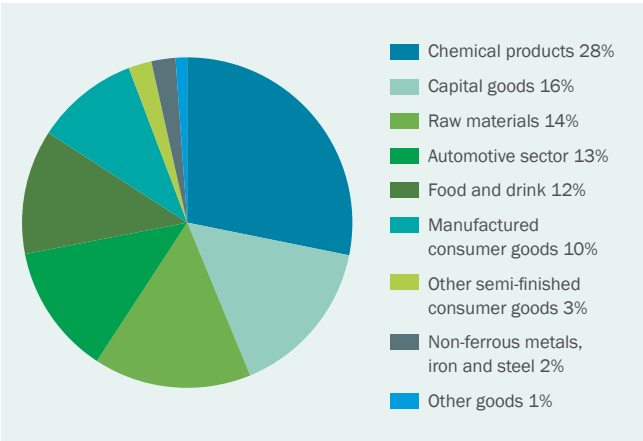
Source: Invest in Catalonia, based on data from ESTACOM-ICEX

Catalonia-China trade by product

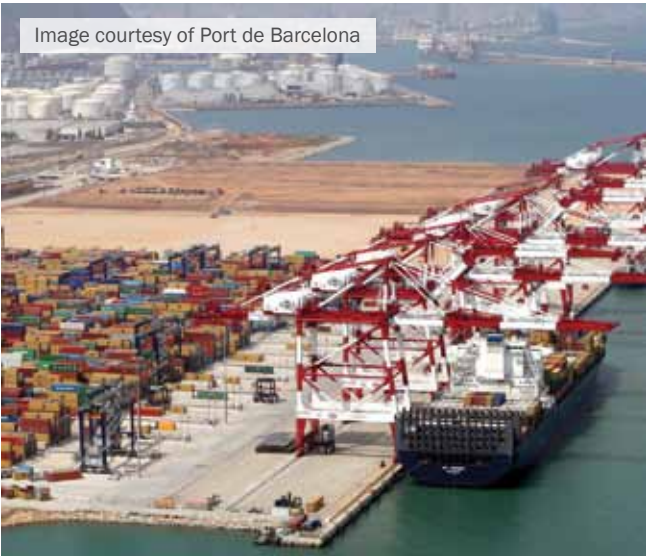
As for the **main products exported from Catalonia to China**, in the last three years they have been mainly chemicals, industrial technology, raw materials, automobiles and automotive components, as well as food and beverages.

Of significance is the rapid growth in automobile exports during this period. The quantity of total vehicles exported was negligible in 2010, while in 2012 it accounted for 9% of the total number exported.

Main products exported from Catalonia to China 2012



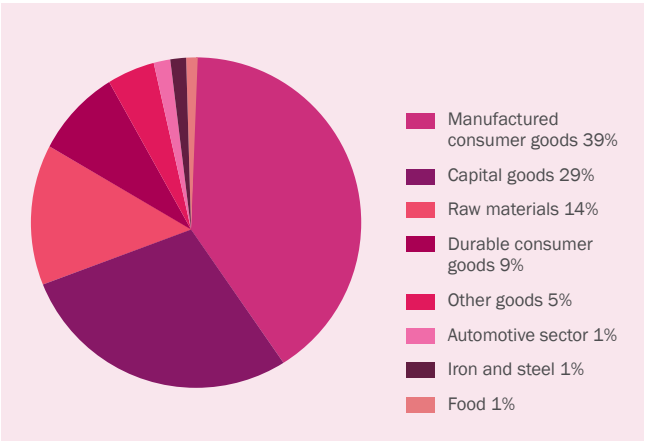
Source: Invest in Catalonia, based on data from ESTACOM-ICEX



More than 5,700 Catalan companies exported their products and services to China in 2012 (36.64% of the Spanish total). Of these, 807 regularly exported to China (exports over the last four years).

In terms of China's imports from Catalonia, the main imported products are textiles, followed by capital goods (office and telecommunications equipment) and, thirdly, chemicals. Next in importance are appliances and consumer electronics.

Main products imported to Catalonia from China 2012

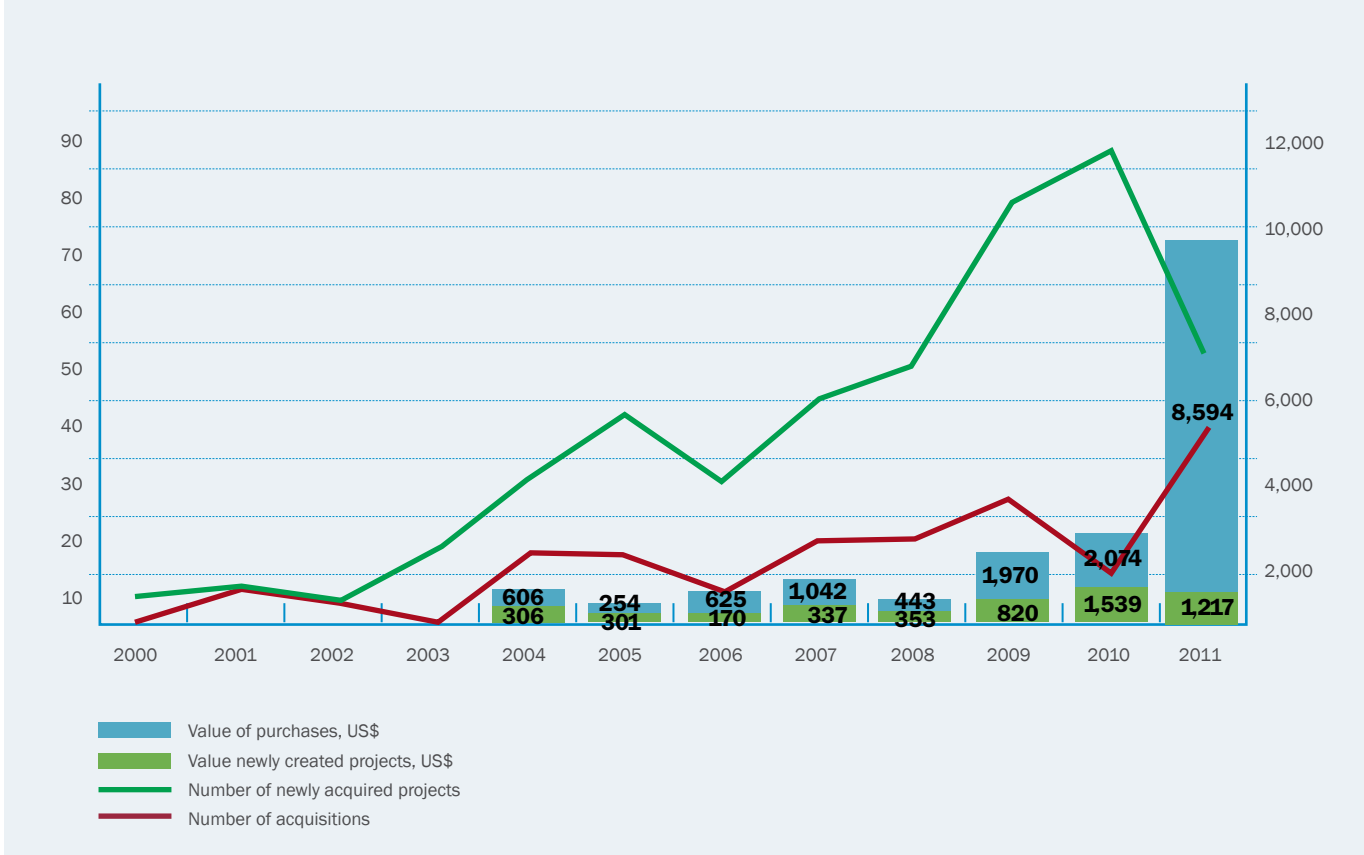


Source: Invest in Catalonia, based on data from ESTACOM-ICEX

1.4. Investment from China

China has become a key player in today's global economy and in international investment flows. In European Union countries, Chinese investors find great opportunities, and over the last decade they have exponentially increased their direct investment in the region, as shown in the graph below.

China's direct investment in the EU-27 2000-2011
Number of operations and millions of USD



Note: The chart's columns are referenced from the right axis, while its lines are referenced from the left axis
Source: Rhodium Group

The competitive conditions offered by Catalonia have led to very favourable levels of investment from China in recent years.

Proof of this affirmation is the presence in Catalonia of Chinese companies such as Hutchison Port Holdings, which have made significant investments in the new Port of Barcelona terminal; the group Huayi Compressor Co. Ltd, which has bought the company Cubigel Compressors; Industrial Commercial Bank of China-ICBC, which has begun operations in Barcelona; and Certification & Inspection Group (CCIC), who have chosen Barcelona as the site for their European laboratory.

In addition, ICT companies such as Huawei, ZTE and Lenovo are looking into opportunities offered by the Spanish and Catalan market. The fact that Barcelona has been designated as Mobile World Capital and the host city of Mobile World Congress until 2018 could attract companies to this sector.

The Barcelona-based ESADE business school has created a business club made up of Chinese multinationals located in Spain and other European countries and Western companies. The organisation is called ESADE China Club Europe, and its founding companies are: Huawei Technologies España (TIC), ZTE Corporation (TIC), Lenovo Spain (PC), Cosco Iberia (logistics), China Certification and Inspection Company Group (CCIC), Min-metal España (industrial – mining), KeewayMotor España (electric motorbikes), ICBC Europe (financial products and services), Haier Europe Trading (appliances) and Fundación ESADE.

Appendix 2 lists the main investors with capital from China (including Hong Kong) located in Catalonia in September 2013.

Chinese investment in Catalonia has progressed very favourably in recent years.



1.5. Local Chinese community

A growing social group

Catalonia is home to some 50,000 Chinese citizens, representing 4.2% of the foreign-born population, which amounts to about 1,187,000 people according to data from the Catalonia Institute of Statistics from 2012. This group has quintupled in size over the last ten years. The municipality with the highest concentration of Chinese population is Barcelona, where more than 16,000 Chinese citizens are registered as residents. China ranks third in the number of foreign nationals as residents, after Pakistan and Italy.

Barcelona, Santa Coloma de Gramenet and Badalona (the later two being towns in the vicinity of Barcelona) are home to half of Catalonia's Chinese community.

These immigrants tend to be from Qingtian, Zhejiang Province and the North of China, Shandong and Jilin, in addition to other locations.



A young and well-educated population

The Chinese community living in Catalonia is relatively young: 70% of its members are in the 16-44 age group. Another significant finding is that 11% of the Chinese population registered in Catalonia were born in Spain and that, of this number, 53% are under the age of 16. It is, therefore, a young group shaped by both cultures that within a number of years will begin contributing to the active workforce.

Moreover, due to the increasingly strong presence of Chinese language and culture in trade relations, many schools have already begun to offer curricular and extra-curricular Chinese classes.



Professional entrepreneurs

The professional activities of Chinese people in Catalonia have diversified in recent years. In addition to activities related to the fur, textile, retail and services industries, where the Chinese tend to form their own business units, enterprises in the fields of luxury restaurants, finance, consulting, ICT services, fashion, tourism, real estate, etc. are on the rise.

In parallel fashion, a new generation of highly skilled Chinese professionals is becoming established in Catalonia. These are individuals who understand both cultures and work in Catalan companies or who have launched business ventures in both countries. This group is comprised of both the growing number of Chinese students attracted by Catalan universities and of the "second generation" (i.e., the children of those who settled in Catalonia years earlier and who have been educated here) who are just graduating from university.

The presence of a dynamic and entrepreneurial Chinese community is a positive and enriching influence in societal and economic terms, as well as in terms of relations between Catalonia and China.

The Chinese community in Catalonia is young, dynamic and entrepreneurial.

Chinese professionals are highly skilled and their knowledge of both Chinese and Catalan culture is key to business relationships.



2. Ten reasons to invest and do business

Torre Agbar, the building that marks the entrance to the 22@ district of Barcelona. Jean Nouvel

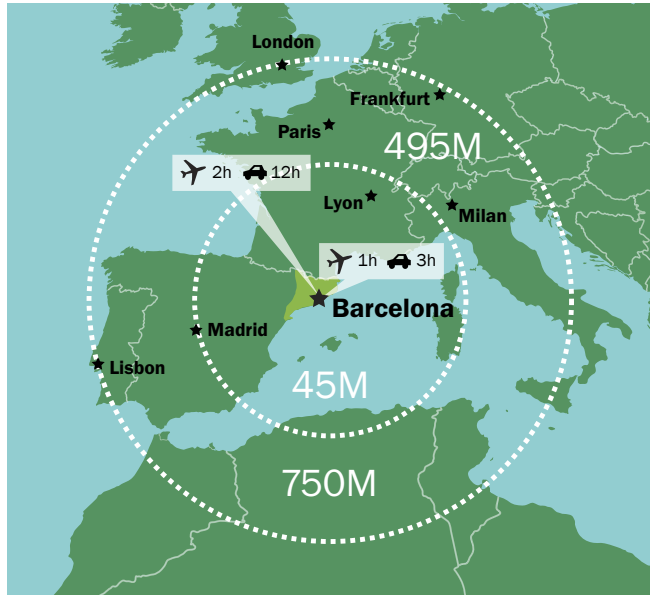
2.1. Prime location and access to markets

Catalonia and its capital, Barcelona, are an ideal platform from which to access markets in Europe, North Africa and the Middle East.

Their excellent land, sea and air links and modern local transport systems provide easy **access to large markets** such as the **European Union** (503 million consumers) and the **Euro-Mediterranean** market (461 million consumers).

Moreover, Catalonia and Barcelona serve as an excellent springboard into **Latin American** markets (582 million consumers). The historical ties between Spain and Latin America are numerous and substantial. Having Spanish as a shared language has helped to establish and consolidate intense diplomatic, institutional, commercial and business relationships. Consequently, Spanish companies have traditionally invested heavily in the region and still do, especially in the infrastructure and service sectors. As a result, Chinese companies arriving in Catalonia with plans to expand into Latin America can benefit from the privileged trade relations that companies in Catalonia maintain with firms in that region.

Catalonia, because of its strategic location and excellent transport systems, is a gateway to Europe, a platform for North Africa and a springboard to Latin America.



2.2. Gateway for Asian companies

Barcelona is one of the few cities in southern Europe offering a fully integrated intermodal transport network (sea, air, road and rail), each with international connectivity. Within a stretch of 5 linear kilometres, Barcelona has a major Mediterranean port, an international airport and one of southern Europe's largest logistics areas, in addition to the second largest exhibition venue in Europe. All of this makes it an excellent platform for Chinese logistics companies seeking to supply the Euro-Mediterranean area.

The **Barcelona International Airport** has the capacity to serve 55 million passengers annually. It has connections to 200 domestic and international destinations and services about half the passengers who travel to Spain from Asia. In 2014 Air China will begin operations of a new direct route between Barcelona and Beijing (with a stop in Vienna). Likewise, other airlines are considering establishing direct flights between Barcelona and several cities in China to take advantage of the business opportunities that the considerable volume of indirect traffic presents.

The **Port of Barcelona** is one of the Mediterranean's busiest ports and the most important for cruise ship traffic. It is also one of Europe's most important ports as measured by vehicular traffic and freight containers and is specialised in handling high-value goods. Goods from Asian ports shorten their journey by 3 or 4 days when they disembark in Barcelona instead of ports in North-west Europe. Following its recent expansion, the Port of Barcelona now includes BEST (Barcelona Europe South Terminal), which belongs to the Asian logistics company Hutchinson Port Holdings (HPH). It is the most advanced and excellent terminal owned by this group.

Catalonia also has **modern railway** and road networks linking Catalonia it with the rest of Spain and Europe.

The Port of Barcelona, which was recently expanded and has first-rate facilities, handles large volumes of container traffic, of which more than 30% arrive from Asia.

2.3. Economic engine and diversified business network

Catalonia is Spain's main economic driver. The following data clearly reflect the importance of Catalonia in Spain:

16% of the population
20% of GDP
26% of exports
19% of companies
18% of foreign direct investment

Catalonia also has more companies than any other Spanish autonomous region: about 600,000. This critical mass of local businesses, mostly small and medium-sized, covers the entire value chain and make excellent partners for Asian companies.

In fact, Catalonia has a **longstanding industrial and manufacturing tradition**. The birthplace of Spain's nineteenth century industrial revolution, today it is home to a diverse range of **major industries**, including:

- automotive
- chemical and pharmaceutical
- graphic arts and publishing
- consumer electronics
- machinery
- textiles
- food and beverage processing



Also present in Catalonia, in addition to these traditional sectors, are **emerging industries** that are experiencing considerable growth, including:

- biotechnology
- health and healthcare services
- clean energy and environmental services
- creative industries
- ICT
- the audio-visual industry
- activities such as design, shared service centres, research, development and innovation

Furthermore, predominant in Barcelona is a highly diversified service sector that employs high volumes of workers.

Catalonia is home to about 600,000 businesses. While most of them are in industrial sectors, other emerging sectors are currently experiencing a boom.

2.4. Emerging strategic sectors

In Catalonia various sectors associated with new technologies and sustainability are currently experiencing intense development, a situation which presents significant business and investment opportunities.

This trend is evidenced by the fact that Barcelona has been chosen to continue as the host city of **GSMA Mobile World Congress**, which brings together more than 70,000 professionals each year and attracts more than 100 Chinese companies, including Huawei, Lenovo and ZTE. The city has been named **Mobile World Capital until 2018**. This project is stimulating numerous local public and private initiatives to promote the expansion, testing and development of new mobile technologies and incentives for the creation of businesses linked to these technologies, making Barcelona a benchmark for these companies (Mobile World Hub). Mobile World Capital Barcelona is already attracting technology companies from around the world. For example, TORO Development Ltd., a leading developer of smartphone applications for payment and use as a digital wallet based in Taiwan/China, have chosen Barcelona as their European headquarters and R&D centre.

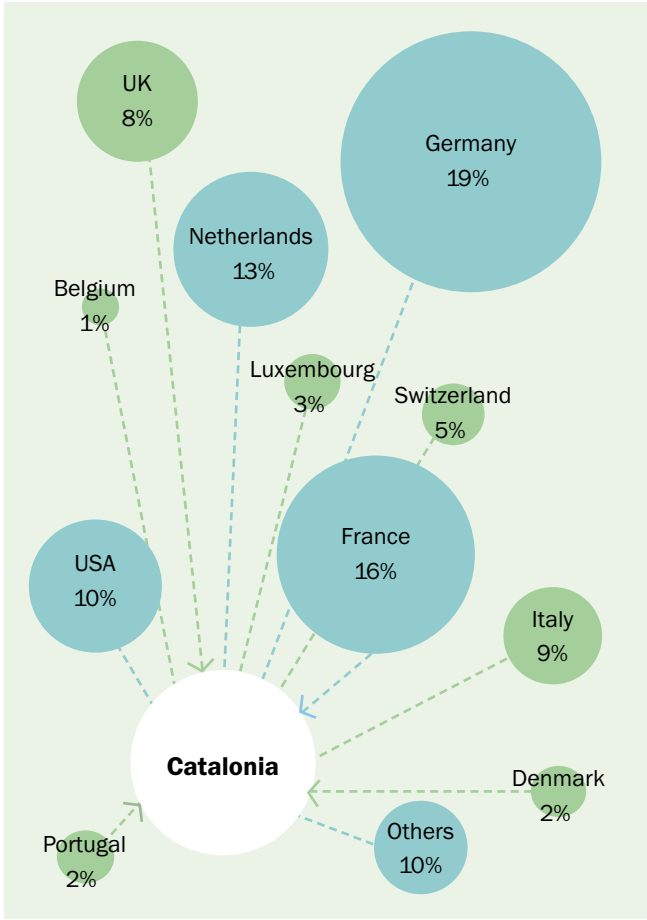
Other strategic sectors in Catalonia include **environmental, clean energy and sustainable mobility industries** involved in the drive to develop **electric cars**. It should be noted here that Catalonia is one of Europe's great automotive industry centres and accounts for about 30% of this industry's presence in Spain. The government of Catalonia and Barcelona's city officials strongly support the development of electric mobility solutions. An example of this commitment is the promotion of LIVE, a public-private platform of governments, research institutes and leading companies in the automotive, electrical and ICT sectors (SEAT/Volkswagen Group, Endesa and Siemens).

Barcelona is also a pioneer in the field of Smart Cities and has implemented many projects to enhance the efficiency of urban services and improve its citizens' quality of life. The city itself is an urban laboratory available to companies wishing to test pilot products and innovative solutions. The city also participates in the City Protocol Society initiative: <http://cityprotocol.org>.

2.5. Successful foreign investment

More than 5,000 foreign companies operate in Catalonia. Catalonia is home to more foreign companies than any other autonomous region in Spain. More than 50% of all Japanese, Italian, American, French and Swiss companies that operate in Spain are located in Catalonia.

Breakdown of foreign companies located in Catalonia by nationality



Source: Invest in Catalonia

The International Congress and Convention Association (ICCA) ranks Barcelona as the world's leading city in the number of delegates sent to international conferences and third in the number of international conferences organised during the 2008-2012 period.

In the first half of 2013 Catalonia was Europe's second leading attractor of investment (measured by volume) after the South-East region of the UK, according to fDi Markets (analysis division of Financial Times). Regarding the number of jobs created from these investments, Catalonia stood at third position in the European ranking.

Foreign investment projects in Western Europe by region (first half of 2013)

Investment volume (In millions of euros)		No. of projects		Jobs created	
1. South East (UK)	3,372.1	1. South East (UK)	150	1. South East (UK)	7,695
2. Catalonia	1,438.4	2. Ireland	55	2. Ireland	4,211
3. Ireland	940.6	3. Île-de-France (France)	41	3. Catalonia	4,095
4. South West (UK)	694.0	4. Catalonia	37	4. Scotland (UK)	2,061
5. West Nederland (Netherlands)	663.9	5. West Nederland (Netherlands)	30	5. N Ireland (UK)	1,642
6. West Midlands (UK)	643.8	6. Switzerland	28	6. Hessen (Germany)	1,484
7. Switzerland	522.5	7. Bavaria (Germany)	28	7. North West (UK)	1,467
8. Community of Madrid (Spain)	522.5	8. Community of Madrid (Spain)	26	8. Île-de-France (France)	1,449
9. North West (UK)	522.1	9. Hessen (Germany)	24	9. West Midlands (UK)	1,257
10. Sweden	441.1	10. Sweden	21	10. Rhine-Westphalia (Germany)	1,159

Source: Invest in Catalonia, data from fDi Markets (Financial Times)



2.6. Talent magnet

In addition, according to the European Attractiveness Survey 2013 issued by the Ernst and Young consultancy, Catalonia was Europe's third most attractive region for investment in 2012. 116 projects were implemented in Barcelona, 42% of the Spanish total.

In this regard, the KPMG report Global Cities Investment Monitor 2013 ranked Barcelona as the tenth urban area worldwide in terms of volume of foreign investment projects received in the 2008-2012 period.

Most foreign companies in and around Barcelona have been present for more than ten years and have demonstrated a high degree of stability and investment profitability. These companies are satisfied with their presence in Catalonia/Barcelona and continue to make significant local reinvestments.



Catalonia and Barcelona have a highly-trained labour pool. 49% of Barcelona's employed population work in knowledge-intensive services. Barcelona has specialists in a diverse range of fields who have been trained in Catalonia's outstanding higher education system. The Barcelona area has **eight prestigious public and private universities** that offer excellent undergraduate and graduate programmes in a wide range of disciplines. Two of these universities are among the top three in Spain in regards to quality.

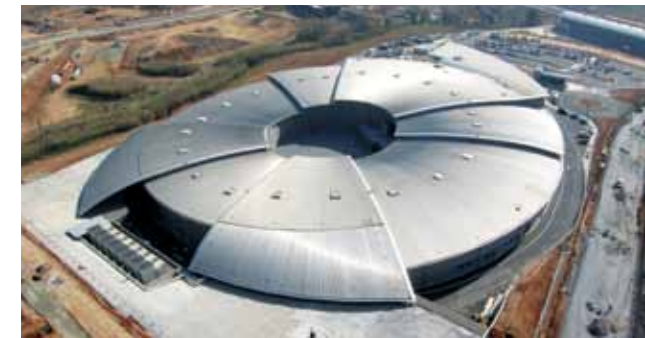
Barcelona is also home to excellent business schools: **IESE, ESADE and EADA**. According to the most prestigious international rankings, they are amongst the best in the world. They all have a high percentage of foreign students. **China Europe International Business School (CEIBS)** also has a partnership with a local school.

In recent years, Barcelona has become a favourite destination for young people from other countries who wish to study in Spain, as well as foreign entrepreneurs seeking to establish and develop their business projects. The city's professional and business opportunities combined with its excellent quality of life favour the retention of both local and foreign talent. These and other reasons are why Barcelona can offer such a sizeable pool of stable, committed and multilingual professionals.

It should finally be noted that in the European context, the competitive cost of skilled labour in Catalonia/Barcelona contributes to the attraction of value-added business activities.

The Barcelona area is home to a variety of prestigious universities and business schools, two of which rank amongst the world's finest.

2.7. Innovation centre



Both the public and private sectors are committed to innovation and support for R&D programmes.

The promotion of R&D in Catalonia in recent years has accounted for 1.6% of GDP and represents 1% of the world's scientific production (equivalent to that of Finland or Scotland).

In this regard, Catalonia is home to top-flight science parks linked to universities and medical centres, including the Barcelona Scientific Park, the Barcelona Biomedical Research Park and the Agusti Pi i Sunyer Institute for Biomedical Research (IDIBAPS). Catalonia also has state-of-the-art infrastructure available for research and industry, including the ALBA Synchrotron (cutting-edge particle accelerator), the Mare Nostrum (supercomputer developed in Spain, one of the most powerful in Europe) and the National Microelectronics Centre.

Catalonia has more innovative companies than other regions of Spain and spending on innovative business activities represents 23% of the Spanish total. Noteworthy is innovation in the pharmaceutical, biotechnology, biomedicine, medical technology, IT & telecommunications, multimedia and audio-visual sectors.

Also worthy of mention is the network of TECNIO technological centres which includes one hundred technology transfer centres in Catalonia and is connected with companies seeking to ramp up their competitiveness and innovative training opportunities.

A steadfast commitment to R&D and innovation has distinguished Catalonia and Barcelona in the field of scientific production with respect to the rest of Europe.

2.8. Premium location at competitive costs

Barcelona is one of Europe's major cities and amongst the world's least expensive to live and work in, as shown by various international cost of living comparisons.

In addition to very competitive skilled labour costs, foreign companies established in the city benefit from a considerable availability of office and retail space with very attractive quality-price ratios. Within a 25-30 km radius from the capital of Catalonia is a large supply of industrial land and modern facilities with attractive rental and purchase prices and that offer all needed services (electricity, water, gas, telecommunications, access, etc.).

Moreover, Catalonia offers one of the most favourable tax regimes in Europe for employees as well as for recently-arrived foreign nationals.



2.9. Entrepreneurial and business-friendly environment

Catalonia has a longstanding tradition of business and trade. Catalans are enterprising, responsible and serious about work. They are also open and accustomed to doing business with other markets.

Barcelona generates and attracts both local and international entrepreneurs. Moreover, it is establishing itself as a European hub for business creation, with a rate of entrepreneurial activity higher than the Spanish average and comparable to that of countries such as Finland, Sweden and France.

Catalonia and Barcelona’s local authorities promote business by establishing a framework of stable performance and by being sensitive to the needs of local and foreign companies. They provide guidance, support and assistance to start-ups and work to create an environment that is amenable to business by simplifying administrative requirements and procedures.

Barcelona is also working to create a tax-free zone for entrepreneurs in the sector of mobile technologies in its 22@ innovation district. This area will offer entrepreneurs an exemption from taxes and municipal fees and partially subsidise the cost of office rents and Social Security for up to three years.

The character and mentality of Catalans can be seen in their entrepreneurial spirit, which has helped to make Barcelona a European hub of entrepreneurship.



2.10. Barcelona’s brand and quality of life

Barcelona has a positive and robust city brand that enjoys widespread international recognition. The Barcelona brand was remarkably enhanced by the Olympic Games held in the city in 1992 and is associated with creativity, design, culture and innovation. The Barcelona brand is a valuable asset for competitiveness, as it adds value to the products and companies associated with it. Chinese companies based in Barcelona can benefit from the city’s positive international image.

Barcelona offers a pleasant Mediterranean climate with more than 2,900 hours of annual sunshine; numerous parks; 180 miles of bike lanes; 4 km of groomed beaches; a wide, modern and reliable public transport system; world-famous tourist attractions such as Art Nouveau masterpieces and the work of architect Antoni Gaudí; and delicious, innovative and healthy Mediterranean cuisine (the Barcelona area has one of the world’s highest concentrations of Michelin star restaurants). In addition, Barcelona offers easy access to many of Catalonia’s tourist attractions (beaches, parks and nature reserves, resorts, UNESCO-protected historic architectural sites) and the rest of Spain, Andorra and Southern France.

Catalonia also has a top-quality education system, excellent healthcare with universal access for residents, a comprehensive network of shops and malls, one of Europe’s best and most extensive cultural offerings (167 museums including the Picasso and Miró museums, 146 theatres and one of the most famous opera houses in Europe, the Liceu), and a wide variety of leisure and sport activities.

Barcelona’s cosmopolitan, diverse and welcoming spirit is evidenced by the fact that some 17% of its residents are foreign nationals.

Barcelona is:
Ranked fifth worldwide in quality of life, according to State of the World’s Cities 2012-2013 published by UN-Habitat.
Ranked ninth worldwide for overall attractiveness and fifth for social and cultural attractiveness, according to Hot Spots: Benchmarking Global City Competitiveness 2012, published The Economist Intelligence Unit.
Ranked second in Europe for shopping appeal, according to the Globe Shopper Cities Index 2011, published by The Economist Intelligence Unit.





3. Cultural aspects related to business

Dome of the Palau de la Música Catalana. Lluís Domènech i Montaner

3.1. Catalonia and its customs

Catalan traditions are grounded in habits and customs carried out over centuries. Moreover, the open and entrepreneurial spirit of Catalans dates back many centuries. As early as the thirteenth century, Catalonia stood out as one of the Mediterranean's major trade centres. Europe's industrial revolution was consolidated in Catalonia in the early nineteenth century thanks to a strong entrepreneurial tradition, a tradition which remains very much alive today.

Traditions and festivals

Catalonia enjoys original traditions which are deeply rooted amongst its population. Its traditional dance is the “Sardana”, a collective dance performed in a circle. Also important is the tradition of “Castellars”, which involves the formation of human towers up to ten stories high and requires the participation of hundreds of people. This tradition was designated by UNESCO as an Intangible Cultural Heritage in 2010.

Catalonia's main festivals are Diada de Sant Jordi (St. George's Day) on 23 April and the National Day of Catalonia on 11 September. On Diada de Sant Jordi (named after Catalonia's patron saint) it is customary to give books and roses to loved ones. This day finds the streets of Catalan towns and cities awash with stalls from which these items are sold to passers-by. Even though it remains a normal work day, it is celebrated by all Catalans. 11 September is a public holiday that commemorates the defeat of Barcelona in 1714 during the War of the Spanish Succession.



Architecture and sport

Catalonia offers a vast range of artistic wealth. In the area of architecture, Modernism takes centre stage. In the late nineteenth century a unique language was developed by artists such as Antoni Gaudí, Puig i Cadafalch and Domènech i Montaner. Many of this era's masterpieces can be seen in Barcelona.

The practice and love of sport are widespread in Catalan society. The most popular sport is football, epitomised by Futbol Club Barcelona, or “Barça”, which garners worldwide attention. Basketball, handball, Formula 1 and motorbike racing also enjoy a large following in Catalonia.

The “Sardana” and “Castellars” are representative of Catalonia's cultural traditions

In addition to its sporting events, Catalonia also stands out because of its millennium-old culture, its renowned art and its world-famous cuisine.

3.2. Practical aspects to consider

Given the possibility of establishing contacts for doing business in Catalonia, it is important to consider certain practical aspects.

Language

The official languages in Catalonia are Catalan and Spanish. It is common for adverts, signs, signage and brochures to be in both languages. The use of English is also widespread, especially in cities.

Administrative powers

The Generalitat de Catalunya (Catalan Government) has powers in areas including health, education, civil protection, industry, foreign policy, environment, research, tourism, culture, as well as most matters affecting international business.

Schedules and working hours

Within the 40 hour per week maximum work schedule (1,826 hours per year), many multinational companies set schedules in accordance with their business activities.

Normal office hours, although flexible, adhere to the following guidelines: work starts between 8:00 am and 9:00 am, lunch is from 2 pm to 4 pm and work ends between 6 pm and 8 pm. Dinner tends to be around 9 pm.

Business hours vary depending on the type of establishment. Thus, shopping centres, supermarkets and big chain stores open continuously from 9:30 am to 9:30 pm, including Saturdays. In contrast, traditional shops usually open from 9:00 am to 2 pm, and then from 4 pm to 8:30 pm. These establishments also open on Saturdays, some only in the mornings. With few exceptions, businesses close on Sundays.

Banks usually open from 8:30 am to 2:00 pm, Monday to Friday.



Public safety

Catalonia is a safe place for those who come for business or tourism. However, in heavily trafficked areas precautions should be taken and personal belongings should be looked after as would be common practice anywhere.

Catalan and Spanish are the official languages of Catalonia, and English is commonly used in international business and higher education.

3.3. Negotiating with Catalan companies

Initial contacts

As in China, personal relationships are of fundamental importance to Catalan companies when establishing business contacts.

In the Catalan tradition hierarchy does not have a rigid ceremonial character and strict protocol is often replaced by friendly and close relations, yet always with the utmost respect. Thus, professional greetings at meetings include a firm handshake. It is also customary to give women a kiss on the cheek.

Contrary to what happens in China, it is not common to exchange gifts on the first visit. No special protocol is usually followed during lunch and dinner.



Catalan companies

Catalan industry consists primarily of small and medium-sized enterprises (SMEs). In fact, 99% of Catalan companies are SMEs (588,000 SMEs were registered in Catalonia in 2013).

Moreover, Catalonia has a great tradition of family businesses. In recent years, many of these companies have chosen to totally or partially professionalise their management.

Such businesses are characterised by high flexibility in decision-taking, adaptability to change and a willingness to persevere. In financial affairs they tend to be quite cautious, because their funding mechanisms are more limited than those of large businesses.

The degree of internationalisation of Catalan companies is high, for reasons related to tradition, competitiveness, flexibility and sectorial diversification in an open economic environment. Catalan business leaders are thus predisposed to develop relationships with companies around the world in a professional and open manner.

Translators and interpreters

If during business meetings it will be necessary to employ translators or interpreters, it is recommended to previously contact local institutions (Government of Catalonia, Barcelona City Council, Casa Asia, etc.) as they have contact with translation services of guaranteed quality.

Catalan companies have a great capacity to adapt to change and are agile decision-takers.



Sant Pau modernist building complex by Lluís Domènech i Montaner
It is currently home of businesses and organisations, including Casa Asia



4. Setting up in Catalonia

Ornament atop the Casa-Museu Salvador Dalí in Port Lligat, Cadaqués. Salvador Dalí

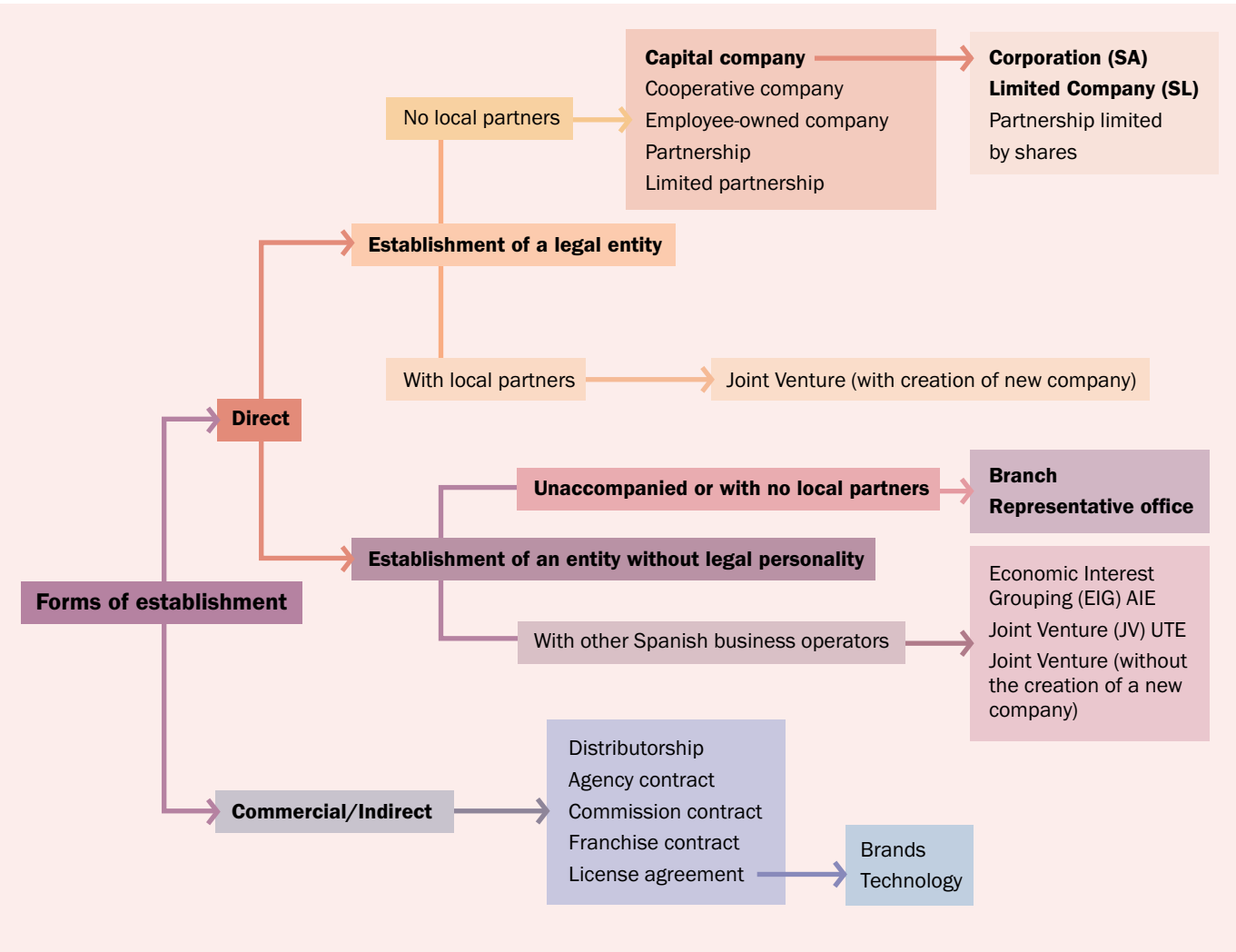
4.1. Main types of business activities

Catalonia is under Spanish law and has a liberal regulatory regime in regards to foreign investment. The procedure for setting up a company in Catalonia is simple and similar to that in any OECD country. A wide range of options are available to meet the needs of different types of investors who wish to locate in Catalonia and Barcelona. They can choose the legal regime appropriate to their company's business activity depending on the strategy and interests of the investor.

This section outlines the main forms of business operations:

- 1) **Creating a company with limited asset liability:** Corporation; Limited Company; Branch or Representative Office; or
- 2) **As an individual, i.e., obtaining self-employed status** (also called **individual entrepreneur**) with unlimited liability (personal and business assets).

Main forms of direct establishment in Catalonia



Source: Invest in Catalonia

The current legal framework offers different possibilities to suit the particular needs of each investor. However from a practical standpoint, the most common types of companies in Spain are the Corporation (Corp.) and the Limited Company (LC), because they limit the liability of shareholders to the financial value they have invested. The table below summarises the most commonly set up companies in Catalonia.

The Corporation and Limited Company are the most common forms for the direct establishment of individual legal entities without local partners. The main objective of direct establishment is cost reduction and increased productivity. In the case of a direct establishment resulting from a joint venture with a local partner, any of the aforesaid legal entities may be chosen without local partners.

There are other legal forms of direct establishment, such as the **New Enterprise Limited Company** or the **European Corporation**, but they are less common.

For those who wish to set up directly without legal status as a separate entity, i.e. with resources dependent on the parent company, one can opt for a **branch** or **representative office**, amongst other types of legal entities with other Spanish entrepreneurs.

Another possibility is **commercial** or **indirect** establishment, chosen with the idea of developing new markets or finding new customers. This option usually takes the form of commercial contracts, for example, **distribution** and **cooperation agreements** with Spanish companies (joint ventures, economic interest groups), in addition to transactions through **agents, brokers, franchises**, etc.

A summary table of the most common legal entities in Catalonia and the requirements for each is shown below. It also includes the category of self-employed individuals.

Most common legal entities in Catalonia

Source: Invest in Catalonia

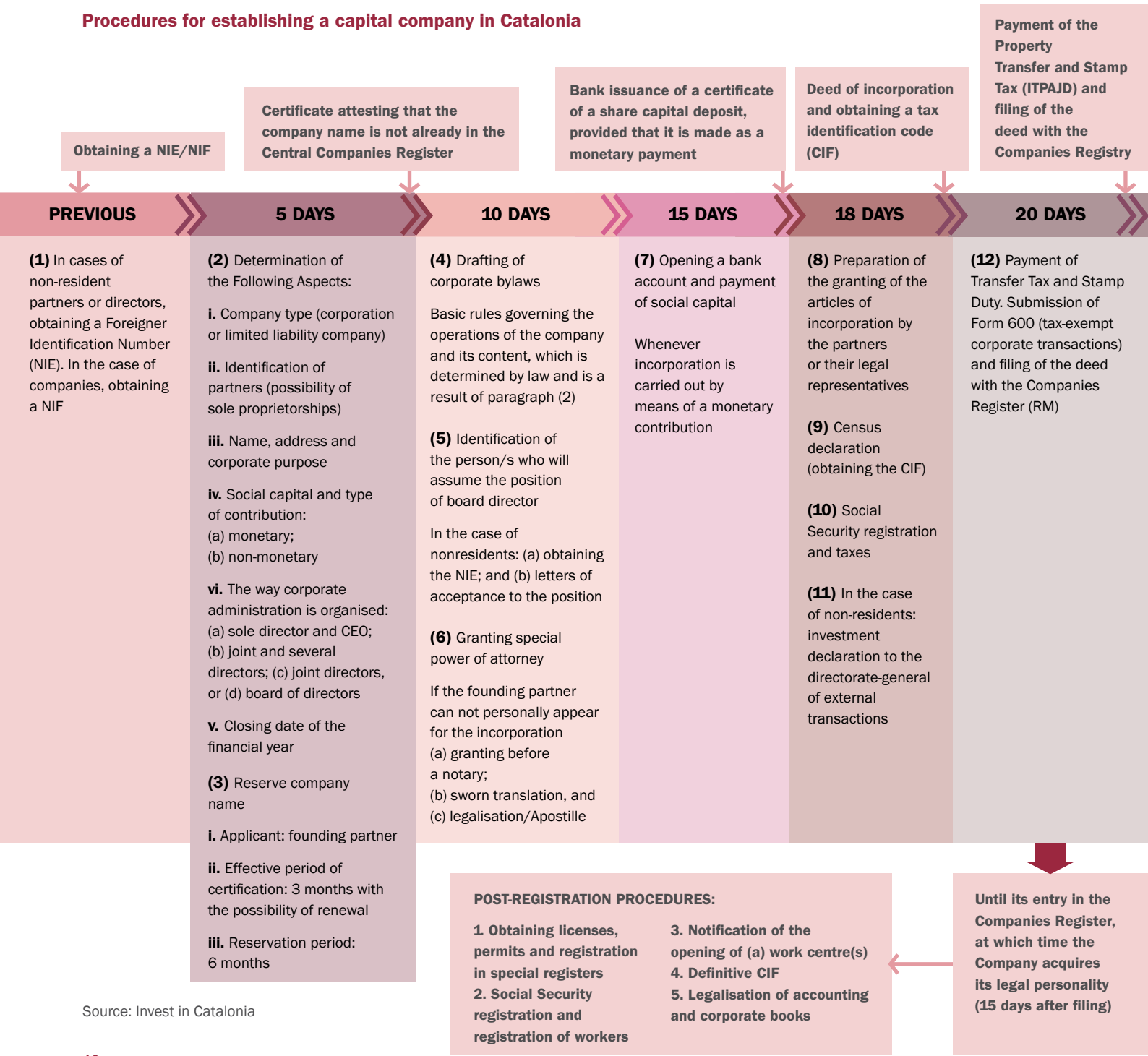
	Corporation (SA)	Limited company (SL)	Branch	Representative office	Self-employed individual
General concepts	Less flexible than the limited company regime, but allows the listing of its shares (SL)	More flexible than a corporation, but more rigid in regards to share transfer procedure (SA)	No own legal personality	Promotional activities, assists with the operations of its parent company	Ability to engage in business operations as a natural person without having a commercial structure
Capital	Shares	Equity shares	It has no share capital; has funds allocated by the parent company	It has no share capital; it uses the resources of its parent company	Not applicable
Minimum capital	€60,000 with a minimum outlay at the time of incorporation of 25%	€3,000 to be paid in full from the time of incorporation	Allocation provided by its parent company	Not considered as foreign investment	Not applicable
Posting requirements	Deed at Companies Registry	Deed at Companies Registry	Deed at Companies Registry	Power of attorney (tax representative)	Not necessary
Legal personality	Own, different to that of its shareholders	Own, different to that of its partners	It has no legal personality different to that of its parent company	It has no legal personality different to that of its parent company	That of the same self-employed person
Liability of partners	Limited to capital contributed	Limited to capital contributed	Unlimited for the parent company	Unlimited for the parent company	Unlimited
Taxation of profits	Corporate income tax (IS)	Corporate income tax (IS)	IS with some limitations on expense deductions	Not taxed because it does not generate income	Individual Income Tax (IRPF)
Agreements to avoid double taxation	Affect the cost of repatriation of profits through dividends	Affect the cost of repatriation of profits through dividends	Affect the cost of repatriation of profits (special taxation in some cases)	The office can be identified for such purpose	Not applicable

4.2. Steps to starting a business

The procedures for starting a business in Catalonia depend on the category of the legal entity under which the investor wishes to participate.

The deadline for registration of the articles of incorporation in the Companies Register is 15 business days. If a board of directors is designated as the governing entity, the following will also be necessary: (i) assign positions on the board; (ii) appoint a CEO (if so decided by the founding partner(s)); and (iii) grant power of attorney to one or more individuals to perform everyday actions for the newly formed company.

Procedures for establishing a capital company in Catalonia



Source: Invest in Catalonia

For more information on the different types of legal entities available to a foreign company in Catalonia, visit: www.investincatalonia.com and www.barcelonactiva.com/foreigncompanieslegalstatutes

The steps and duration of the procedure for incorporation of a company will vary depending on the type of legal entity chosen. The average period is 20-30 days.

From the City of Barcelona's Consulting and Information Point for Processing (PAIT), individual entrepreneur registrations are processed in 24 hours while the constitution of limited companies takes 4-10 days.

Procedure for setting up a branch

PREVIOUS	10 DAYS	15 DAYS	30 DAYS
Compilation of documents proving the existence of the parent company, current statutes, directors and the agreement creating the branch. This documentation must be legalised/affixed with an Apostille. Granting power of attorney to publically register the branch's incorporation. This documentation must be legalised/affixed with an Apostille. Another alternative is for the branch's deed of incorporation to be granted before a notary public abroad, in which case it must be legalised/affixed with an Apostille. The branch's legal representative must be a legal resident of Spain. Obtaining the CIF of the parent entity.	Making a bank deposit at any credit institution of the amount agreed by the parent entity to incorporate the branch, if applicable. The legal representative must appear before a notary to execute the branch's deed of incorporation.	Obtaining a provisional CIF and declaration of the commencement of operations/ tax obligations (Form 036). Payment of Stamp Tax (waived) and filing of the deed with the Companies Register. Processing of Social Security registration	Obtaining the definitive CIF.

Procedures for setting up a representative office

PREVIOUS	2 DAYS	5 DAYS	10 DAYS	15 DAYS
Agreement of the governing body of the parent company with regards to the decision to establish a RO. Decision regarding the natural or legal person with legal residence in Spain who will be their tax/labour representative in Spain.	Preparation of the document (in two columns) appointing the tax/labour representative. Send to client.	Granting before a notary public in the country of origin the appointment of the tax/labour representative. This document should be duly legalised/affixed with an Apostille. Obtaining a certificate verifying the existence of the parent company, in which the corporate purpose of the company is stated. This document should be duly legalised/affixed with an Apostille, with a sworn translation.	Preparing forms for registration with Inland Revenue (Agencia Tributaria-AT) and Social Security.	Processing of registration with AT (obtaining a CIF) and Social Security.

Procedure for registering as a self-employed person or individual entrepreneur

PREVIOUS	5 DAYS	10 DAYS
Obtaining prior administrative authorisation, if applicable.	Declaration of the commencement of operations/tax obligations (Form 036). Registration in the Special System for Self-Employed Workers (RETA). Registration with Social Security to register workers (only if workers are hired).	Notification of the opening of a work centre. Legalisation of registry books.

Source: Invest in Catalonia

5. Taxation system



Barcelona Growth Centre (Media-TIC building). Enric Ruiz Geli

5.1. Taxation

The aim of this section is to provide an overview of the current taxation system in Catalonia to familiarise Chinese investors with the main taxation entities currently in use.

The Spanish tax system offers a number of advantages for companies and employees. It also offers highly advantageous deductions for specific activities.

There are different ways of classifying taxes. The most common is the distinction between direct taxes (taxation at the sources of wealth, property or income) and indirect taxes (taxes on consumption).

Based on this classification, the types of taxes that currently exist in Catalonia are:

Direct taxes

Individual Income Tax (IRPF): imposed on all income received by residents of Spain, regardless of its point of origin and the place of residence of the payer.

Non-Resident Income Tax (IRNR): imposed on income earned by non-residents of Spain.

Corporate income tax (IS): imposed on profits obtained from the business activities of companies. In particular, it is levied on net profit, i.e. income minus the cost of generating the income.

Inheritance and Gift Tax: paid when people receive money or other property for free. Included here are cases where what is received is the inheritance or legacy of a deceased person (“**mortis causa**” acquisition) as well as cases where what is received is a gift given by a living person (“**inter vivos**” acquisition).

Wealth tax: incumbent on all property and rights that a person possesses, minus the charges, debts and obligations the person must pay.

Tax on Economic Activities (IAE): taxation for carrying out an economic activity in Spain. Individuals (self-employed) and companies or businesses with a turnover of less than €1,000,000 are exempt. In addition, individuals who are just beginning their activity are exempt from the first two taxation periods.

Property tax (IBI): imposed on real property of a rustic and urban nature within a municipality.

Motor vehicle tax: imposed on the ownership of vehicles that can be driven on public roads.

Tax on capital gains obtained from urban property: imposed on the increase in value of urban property upon transfer of its ownership (sale) or rights of use.

Indirect taxes

Value Added Tax (VAT): tax on consumption, particularly on goods and services supplied by businessmen and professionals, as well as imports within and outside the European Union. **The general VAT rate is 21%**, although there are two **reduced rates of 10% and 4%** for certain types of goods or services for general use that are considered to be basic necessities such as food, hospitality services, books and newspapers, etc.

The burden of this tax is borne by final consumers, who pay the tax as part of the price of the goods and services they purchase. VAT is neutral for businesses, with entrepreneurs and professionals acting as de facto Inland Revenue collectors.

Property Transfer and Stamp Tax (ITPAJD): levied on the transfer of all kinds of goods and rights (for example, buildings and used vehicles), on certain transactions made by companies (including capital reduction and dissolution of corporations), and on acts that must be formally documented (copies of deeds, notarial instruments, etc.).

Tariffs: imposed on imported and exported goods.

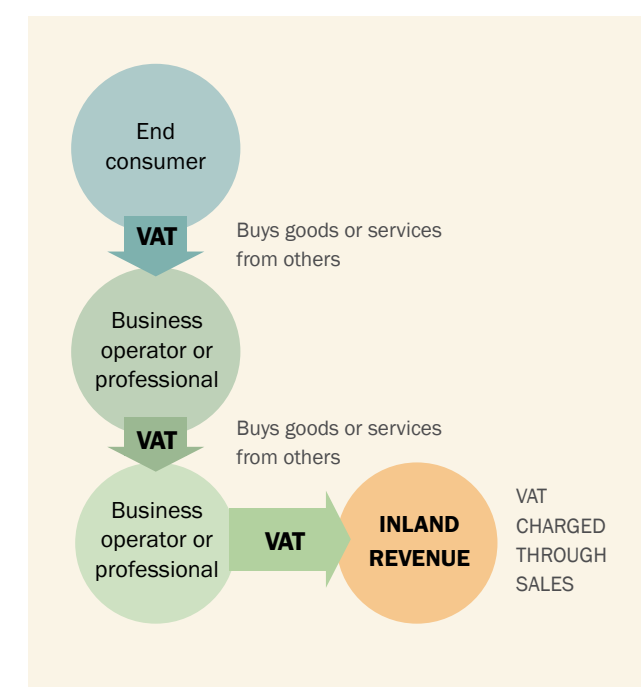
Excise duties: imposed on the purchase or consumption of certain goods such as alcoholic beverages, tobacco products, certain means of transport and hydrocarbons.

Tax on construction, works and facilities: imposed on any construction, installation or work within the municipality.

Starting a business in Catalonia generates a number of tax obligations that vary depending on the type of legal entity chosen for the business activity.

The application of direct taxes will depend on whether the business activity is carried out by **natural persons** (self-employed people) or **artificial persons** (business entities). Hence either individual income, non-resident or corporate taxes may be applicable. These three taxes are explained below in more detail.

VAT application cycle



Source: Invest in Catalonia

5.1.1. Individual Income Tax (IRPF)

The Individual Income Tax is a personal tax imposed on the direct income of individuals depending on the type of income and the taxpayer’s personal and family circumstances.

To calculate the tax, income is classified in accordance with its origin as either general income (wages, earned income, capital gains and losses less than one year old, prizes, etc.) or savings (interest from bank accounts, gains or losses from property transfers more than one-year old, etc.).

The 2013 income tax rates in Catalonia ranged from 24.75% to 56% of the taxable amount and 21% to 27% on the amount payable from savings.

People who engage in economic activities calculate their income, depending on the activity carried out, using one of the following methods:

- **Direct estimation**, with two modes: normal and simplified
- **Objective estimation**

The main difference between the two methods is that under the **direct estimation** method, net income is the difference between income and expenses, while under the **objective assessment** method net income is determined in advance depending on the activity and a number of variables (salaried staff, non-salaried staff, installed electrical power, tables, etc.). The latter method can only be applied to certain activities, with limitations on the number of people employed and the gross income amount.

Special mention should be made in this section of two **very useful regimes for companies** when hiring, since they apply to benefits under the Personal Income Tax Act designed to provide incentives for workers at no cost to them. These are called the “impatriate tax regime” and the “flexible compensation plans”.

The **impatriate regime** applies to **highly skilled workers** posted to Spain who meet certain conditions. This is a special tax regime that aims to make the arrival of qualified employees to companies established in Spain more attractive. In these cases **it is possible to choose to pay the Non-resident Income Tax (IRNR) for the year of arrival in Spain and for the subsequent five years**. Thus, income from labour will be taxed at the **general rate of**

24.75% instead of the standard income tax rate which, as mentioned, can go as high as 56%.

Flexible compensation plans improve the competitive position of companies as employers, as they increase the disposable income of each worker without increasing labour costs. They entail exchanging the salary of an employee for a number of goods or services made available to the company, with considerable income tax benefits. Amongst the most common products are the following: health insurance (the first 500 per household member are exempt), food vouchers (9 per day exempt), childcare vouchers, training (exempt provided that the training is relevant to the worker’s job or career), transport card (up to 136.36 per month free of income tax with a limit of 1,500), etc.

In the next table you can see a simple example of how to increase a worker’s liquidity through the flexible compensation plan.



The impatriate regime applicable to foreign workers living in Catalonia offers a favourable tax framework through which a rate of 24.75% may be applied during the tax year following arrival to Catalonia plus the following five years.

Salary: €30,000			
Without flexible salary items		Flexible salary items: childcare receipt 400/month	
Gross salary	30,000	Gross salary	25,200
Adjusted salary	30,000	Benefit in kind: 400 x 12 (exempt)	4,800
		Adjusted salary 30,000-4,800	25,200
(-) Income tax withholding (*) 16%	(4,800)	(-) Income tax withholding (*) 14%	(3,538)
(-) Employee Social Security (*)	(1,905)	(-) Employee Social Security (*)	(1,905)
Net total	23,295	Net total	19,767
(-) Childcare expenses	(4,800)	(-) Childcare expenses	0
NET AMOUNT AVAILABLE	18,495	NET AMOUNT AVAILABLE	19,767
LIQUIDITY INCREASE FOR THE EMPLOYEE: €1,272			

(*) Stated amounts given as examples
Source: Invest in Catalonia

5.1.2. Non-Resident Income Tax (IRNR)

The way in which an individual or entity must pay income taxes in Spain is determined by whether or not they are residents of this country. Residents are taxed based on personal or corporate income, while non-resident individuals and entities are taxed through the Non-Resident Income Tax (IRNR).

The concept of **tax residency** is established, where appropriate, through double taxation agreements, which generally provide that residents of Spain are individuals who remain in our country more than 183 days of the calendar year or who have Spain as their main location or base for their business activities or economic interests.

Individuals and non-resident entities will have to pay the non-resident tax insofar as they earn income in Spain.

In regards to taxation of income from economic activities, IRNR taxation varies depending on whether or not the activity is carried out through permanent establishment, i.e. whether or not the individual has maintained a place of work in Spain.

If the individual operates through a permanent establishment, they will be taxed in Spain for all income attributable to such establishment, regardless of its place of origin, and the provisions of the General System for Corporate Tax will be applicable for the calculation of the taxable amount. The standard rate is 30%.

In the case of not operating through a permanent establishment, the taxable amount is generally the difference between gross income and the following expenses: staff, materials used for works or projects, and supplies.

5.1.3. Corporate Income Tax (IS)

Corporate Income Tax (IS) is a direct tax imposed annually on the net profits obtained from business activities by companies that operate within Spain.

Calculation of net profit is based on the accounting profit or loss, which is corrected based on discrepancies between accounting and tax legislation through off-balance sheet adjustments.

5.2. Tax incentives and grants

Is also includes a number of deductions and allowances that are beneficial to companies. These will be further explained below.

The general tax rate currently in force in Catalonia is 25% for companies whose turnover is less than 10 million, and 30% for those exceeding that amount.

In addition, lower tax rates exist for companies engaging in specific activities. Such entities include non-profits, variable capital investment companies and property investment companies.

Settlement scheme for corporate income tax

Accounting profit and loss (+ / -) Corrections to the accounting profit and loss (positive and negative)
Prior taxable amount (-) Offset of tax losses from previous years
Taxable amount (x) Tax rate (30%)
Gross tax (-) Deduction for domestic or international double taxation (-) Deductions for investments (including deductions for research and development and technological innovation) (-) Deduction for reinvestment of extraordinary profits
Net payable tax (-) Withholding and payment made in advance or in instalments
Net tax amount (+) Increases for loss of tax benefits enjoyed in previous years (+) Interest on late payments
Amount payable or refundable



The advantages that Catalonia offers in regards to its geographical location, infrastructure, competitive costs and tax incentives for technological research and development, in addition to other incentives, make it an ideal place to invest. Current economic policies are aimed at improving competitiveness. These policies, supported by the export sector and lower labour costs, have enabled the Spanish economy to increase its international competitiveness, particularly in relation to other European Union countries. Catalonia, with its long industrial history, offers the advantages of an economy with vast expertise in industrial and supply processes, competitive costs and, in general, high levels of productivity, particularly for these types of industrial activities.

Catalonia enjoys one of the most advantageous tax regimes in the world for recently-arrived foreign nationals (a fixed rate of 24.75% during the first six years in our country). It also offers one of the most favourable systems for the establishment of holding companies and decision centres as well as tax breaks for R&D, innovation and a very attractive business environment.

The following corporate tax incentives designed to stimulate economic activity are of particular interest:

5.2.1. Special system for Foreign-Securities Holding Companies (ETVE)

Catalonia has one of the most favourable tax regimes in Europe for the establishment of holding companies. The scheme is primarily aimed at establishing international groups who wish to have a location from which their international holdings can be managed.

The special system for **Foreign-Securities Holding Companies** (ETVE in the Spanish acronym) was created as a way to avoid the possible double taxation of external sources of income obtained by Spanish companies operating abroad. However, it is a tax system that foreign companies established in Catalonia or the rest of Spain can benefit from and which companies located outside Spain depend on. The entity established in Spain must have stated in its corporate purpose the management and administration of shares in companies established abroad through the pursuit of a business activity. (Such management must be carried out by the company itself and may not be assigned to third parties.) The incentive associated with this mechanism is a tax exemption for dividends paid by non-resident companies held by the newly-formed ETVE for profits generated by the transmission of these shares.

To qualify for this system, one must satisfy the conditions required by law: securities held by the ETVE must be nominal; the ETVE must have residency in Spain; in certain cases, the ownership share of the non-resident entity must be at least 5%, etc. Likewise, the Ministry of Finance (Inland Revenue) must be notified.

Comparison of ETVE tax systems applicable in Spain, the Netherlands and Luxembourg

	NED	LUX	ESP
1. Waiver of dividends and capital gains	✓	✓	✓
2. Tax deductibility of losses	✗	✗	✓
3. Portfolio depreciation allowance	✗ ✓	✗ ✓	✓
4. Financial expense deductibility	✗ ✓	✗	✓
5. Tax consolidation	✓	✓	✓
6. Tax exception due to holding transfer	✓	✓	✓
7. Tax exemption for dividends distributed through a holding company	✗	✗	✓
8. Multiple international agreements to avoid double taxation	✓	✓	✓
9. Network of international agreements to avoid double taxation in Latin America	✗	✗	✓
10. Non-payment due to corporate transactions	✓	✓	✓
11. Stable and reliable regime	✓	✓	✓

Source: Invest in Catalonia

Source: Invest in Catalonia
x/v depending on specific situation

5.2.2. Deduction system

The general corporate income tax rate is approximately 30% of a company's profits, depending on the type of company and its business activity. However, a long list of corporate income tax deductions for certain activities such as research and development, technological innovation and investment in environmental-friendly technology significantly reduce the effective rate to 18.8%.

A table summarising the main deductions available is shown below.



Main deductions available

Modality	Deduction percentage in 2013	Maximum coefficient in 2013
Scientific Research (R&D)	25/42%	The overall amount of these deductions may not exceed 25% of the reduced tax liability. The maximum amount will rise to 50% when the amount of the deduction for R&D and IT expenditures for the financial year exceeds 10% of the total tax due.
Qualified research staff	17%	
Technological innovation (IT)	12%	
Environmental facilities	8%	
Reinvestment of extraordinary profits	12%	
Job creation by hiring the first worker under the age of 30	Fixed amount of €3,000	
Creating jobs for companies with a workforce of less than 50	50% of the lesser amount between unemployment benefits the worker is yet to receive and the amount of 12 monthly payments of recognised unemployment benefit.	

Source: Invest in Catalonia

5.2.3. Incentives for the protection and marketing of technology and expertise

Income derived from the transfer of rights to use patents, models, plans, formulas, etc. may entail a 50% reduction in the taxable amount of the corporate income tax. Licensed intangible assets must have been developed in the company that intends to market them with no requirement for the assets to have been patented.

This amount is consistent with the corporate tax deductions for R&D.



Deductions for the transfer of patents (Patent Box)

	Content	Conditions
Patent box	Reduction of 50% of the income from the assignment of the right of use or exploitation of patents, designs or models, plans, secret formulas or of rights to information concerning industrial, commercial or scientific experience procedures.	That the assigner has created the assets being transferred.
		That the transferee uses the rights of use or exploitation for to carry out an economic activity.
	The reduction will no longer apply when the income from the assignment of each asset entitled to a reduction exceeds the cost of the asset created multiplied by six.	That the transferee is not resident of a tax haven.
		When an assignment contract includes the provision of ancillary services, the compensation corresponding to the same must be differentiated.
		That entity has analytical accounting records.

Source: Invest in Catalonia

5.2.4. Direct aid to business investment projects in Catalonia

Amongst the main support mechanisms that a Chinese company can enjoy when it invests in Europe are the accompaniment services offered during the process. In this regard, Invest in Catalonia, an agency of the Government of Catalonia and the Barcelona City Council, provide support for funding and aid to companies with investment projects in Catalonia. This is especially relevant in the case of companies that are locating in Europe for the first time.

Both agencies have staff specialised in funding incentives. Direct and continuous contact is maintained with the heads of the various public and private funding programmes and grants.

In this regard, Chinese companies may make use of the following services:

- Identification of available funding and grants.
- Detailed information on these programmes.
- Accompaniment during the application process and subsequent monitoring.
- Resolution of any problems that may arise during the process.

The main incentive programs available in Barcelona and Catalonia offer aid and funding for different types of investments and activities: R&D, innovation, investment in fixed assets, personnel recruitment and training, in addition to others.

In summary:

Table summarising main tax incentives and grants

Holdings	Favourable tax system: the main advantage is that dividends from non-domiciled companies are not taxable in Spain
Hiring incentives	<p>Subsidies of 10 to 25% of annual labour costs.</p> <p>Social Security bonuses for hiring certain groups of unemployed people.</p> <p>Tax incentives and Social Security bonuses for hiring unemployed workers on a permanent basis. This incentive applicable to the first 49 workers in Spain.</p> <p>Social Security bonuses for hiring people under the age of 30 on a part-time basis who are in training, or for hiring people on a temporary basis under work placement contracts.</p>
Investment in fixed assets	<p>Soft financing. Maximum 10-year amortization, including a three-year delay period.</p> <p>Non-repayable subsidies for large investments.</p>
R&D & innovation	<p>Subsidies of up to 50% of the applicable budget.</p> <p>Soft financing of up to 75% of project budgets. Up to 10% of loan amounts can be non-repayable.</p> <p>Corporate tax deductions of up to 59% of R&D costs.</p> <p>Patent box: corporate tax deductions for the transfer of business rights for certain immaterial assets developed in Catalonia.</p> <p>Social Security bonus for staff employed in R&D activities.</p> <p>Subsidies of up to 50% of hiring costs of PhDs employed in R&D activities.</p>
Training	<p>100% of training costs for unemployed people. The company will undertake the commitment to hire at least 60% of those who receive training.</p> <p>Social Security bonuses for training activities.</p>
Energy & environment	<p>Corporate tax deductions of up to 8% of environmental investments.</p> <p>Subsidies of up to 50% for emblematic and innovative projects related to environmental protection.</p>
Incentives for non-residents	<p>Foreign-based workers can choose between the standard personal income tax (with rates of 24.75% - 56%) or the personal income tax for non-residents (IENR) (24.75% fixed rate) during the first year following change of residence and for the five following years.</p>

5.3. Network of international agreements to avoid double taxation

Spain has signed agreements with a large number of countries to avoid double taxation. These agreements seek to prevent income earned in Catalonia from being subject to double taxation as a result of having the obligation to pay taxes in one’s country of origin.

Spain and China entered into an agreement to avoid double taxation and prevent tax evasion with respect to income and wealth taxes in 1992. Currently, Spain and China are negotiating the signing of a new agreement to avoid double taxation with respect to Social Security.

Additionally, Spain and China have also signed an Agreement for the Promotion and Reciprocal Protection of Investments (APPRI), which came into effect 1 July 2008.

It is noteworthy that Chinese companies wishing to invest in Catalonia and Latin America can also benefit from the numerous tax treaties between Spain and Latin America. Spanish companies enjoy considerable experience and strategic positioning in Latin America. Having a common language and similar culture are undoubtedly positive factors that facilitate investment and positioning in Latin America from Catalonia.

In the case of Latin America, Spain also has a number of bilateral agreements with most Latin American countries. On the one hand are agreements to avoid double taxation, while on the other are Bilateral Investment Treaties (BITs).

Barcelona may be an excellent platform from which Chinese companies can do business with Latin America.



6. Labour regime



Dona i Ocell (Woman and Bird) sculpture. Joan Miró

6.1. Types of contracts

6.1.1. Indefinite contract

A competitive advantage enjoyed by Catalonia and Barcelona is the talent of their people: a very efficient and highly qualified pool of human capital.

Labour legislation is primarily that found in the Workers' Statute, although collective bargaining agreements between companies and workers may also regulate specific aspects, depending on their scope. Also to be taken into account is the existence of special rules governing labour relations with senior management staff, commercial representatives, etc.

A variety of incentives exist to encourage hiring in Catalonia. In general, these incentives are focused on promoting permanent employment and influence certain groups of workers who, because of their special status, have greater difficulties accessing employment. These incentives are usually tied to **credits for or reductions to Social Security fees.**

Employment contracts

- The terms of employment contracts may be set for **an indefinite or fixed period.**
- As a general rule, **contracts are indefinite**, meaning that unjustified termination entitles workers to receive compensation amounts as provided by law.
- Thus, **temporary contracts** must adhere to circumstances justifying their being used and are limited by legal regulations.
- **Mode of execution:** Orally or in writing, except in cases where the law specifically stipulates written execution.
- **Work schedule:** The stipulated schedule can be **full time** or **part time**. The normal work schedule will be a maximum of 40 hours per week of actual work taken as the average of the annual total.
- **Trial period:** A period can be designated during which either party may terminate the contract at will without providing any reason or notice. Its duration must respect the provisions of the **collective agreement**. In the absence of such provisions, it may not exceed **six months** for qualified technicians or **two months** for other workers.

1. Indefinite contract: agreed with no time limits on the provision of services as it relates to the period of the contract.

2. Contract for intermittent permanent employment: agreed for work that will not be repeated at within the company's normal level of activity.

3. Indefinite employment contract in support of entrepreneurs: agreed on a permanent and full-time basis to facilitate stable employment by promoting entrepreneurship. Applicable to companies with fewer than 50 employees.



6.1.2. Fixed-term contract

1. Contract for a specific work or service: agreed for the performance of a job or service on an independent basis within the company's business activity for a maximum of three years extended by twelve months.

2. Temporary contract due to production overload: agreed to meet market conditions or an excess backlog of work or orders for a maximum of six months in any twelve-month period (expandable to a maximum of twelve months for a period of eighteen by collective agreement or company agreement).

3. Interim contracts: agreed to temporarily replace workers who are entitled have their job reserved until the replaced worker returns or until the specified replacement period expires.

6.1.3. Training contracts

1. Work placement contract: agreed with university graduates with Master's or professional training at the higher education or higher secondary level or who hold a professional certificate. Valid for a minimum of six months (renewable twice) and a maximum of two years.

2. Contracts for training and learning: agreed for the professional qualification of workers in an alternating system of gainful employment in a company with training activities within the vocational training system.

6.1.4. Part-time contracts

1. Part-time contract: agreed in order to provide services for a period of less than a worker's normal full time work schedule as calculated on a daily, weekly, monthly or annual basis. Its period must be at least one year with a maximum of three years, although different periods can be set by means of collective agreements provided that the minimum period is not less than six months and the maximum period is not more than three years.



For more information: www.gencat.cat/treball

6.2. Salaries and Social Security contribution rates

In general, any company interested in hiring workers in Spain must **assume the following social costs for each worker hired**:

6.2.1. Salary

A **salary is the monetary compensation** that each worker receives for providing their services. The salary amount will be that agreed between the company and the worker. To do this, the minimum conditions provided in the collective agreement must be adhered to, the only allowed exceptions being those that constitute an improvement for the worker. Collective agreements are usually the legal basis for the establishment of the minimum salary payable to each worker depending mainly on their occupational category. This minimum amount is set annually by the Government of Spain.

In this regard, Royal Decree 1717/2012 of 28 December sets the inter-professional minimum salary (SMI) for 2013 as follows:

Daily minimum salary	21.51 euros/day
Minimum monthly salary	645.30 euros/month
Minimum yearly salary	9,034.20 euros/year

Salary paid in kind is remuneration provided in a form other than money (e.g., meals, accommodation, vehicle, etc.). Its amount is limited, so that only 30% of a worker's salary can be received in kind.

Base salary is compensation established per unit of time or work.

Complementary benefits are amounts added to the base salary owing to the occurrence of a specific and particular circumstance related to performance of work and that, combined with the wage base, determine the

total salary amount. Establishing them, as well as the method for determining the amount and accrual of salary supplements, is carried out through collective bargaining. The general classification of salary complements stipulated in regulations enable them to be set with consideration given to the personal circumstances of the worker, the work performed, the company's situation and balance sheet or a mixed system (work/company balance sheet) in order to determine the bonus.

6.2.2. Social Security contributions

6.2.2.1 Social Security number

All employers, their workers and self-employed individuals are required to enrol in the Spanish Social Security system. In order to contribute to the Spanish Social Security system and access the public health system one must obtain a Social Security number. Their Social Security contributions cover illness and maternity leave, old age pensions as well as accident, disability and death compensation. The company takes care of Social Security procedures for their salaried employees. Self-employed individuals must apply for a Social Security number in person at their nearest office.

A full list of Social Security offices in Catalonia and more information about the Spanish Social Security system is available at www.seg-social.es.

The Spanish Social Security system has two main regimes:

- **General Social Security**, which includes most workers employed by others, and
- **Special Social Security regimes for the self-employed** and others.

6.2.2.2. Contributions

Social Security contributions are paid partially by both employers and workers: depending on the labour and professional category, the percentage of maximum and minimum bases will be applied (depending on the salary amount).

Every business with employees must pay Social Security contributions to the Social Security General Treasury. This fee is calculated by applying a rate (percentage) based on the calculable amount for each worker. The applicable rate varies depending on the relevant calculation criteria. The general rate is 28.30%, a percentage to which another rate must be added depending on the business activity of each company. Social Security contributions in Catalonia are paid by both employers (23.60%) and workers (4.70%).

The maximum calculable amount is 3,425.70 and the minimum is 753 (2013).

Contribution rates

Contribution rate (%)			
Contingencies	Company	Workers	Total
Common contingencies	23.60%	4.70%	28.30%
Overtime:			
Force majeure	12%	2%	14%
Rest	23.60%	4.70%	28.30%
Unemployment:			
General rate	5.50%	1.55%	7.05%
Contract period full time	6.70%	1.60%	8.30%
Contract period part-time	7.70%	1.60%	9.30%
Wage Guarantee Fund	0.20%		0.20%
Vocational training	0.60%	0.10%	0.70%
Professional contingencies ^(*)			


6.3. Applicable benefits

Companies can benefit from incentives if they hire certain groups of people who, due to specific factors, find it difficult to enter the labour market. The law applicable in Catalonia provides a number of advantages that basically consist of the payment of annual amounts over a specified period of time, subject to the effective period of the contract. The period of these payments varies between four years and the entire effective period of the contract, **and in some cases bonuses lower the employer contribution due to common Social Security contingencies** by a certain percentage. It is advisable to consult prevailing legislation to know which bonuses are applicable to each situation, depending on the needs of each project.



For more information:
www.sepe.es/contenido/empleo_formacion/empresas/contratos_trabajo

(*) For the occupational accident and illness contingencies, rates are set in terms of the danger of the services provided and covered, which are under the sole responsibility of the company.



7. Procedure for obtaining a work and residence permit

Porta Fira Towers. Toyo Ito

7.1. Visas and work and residence permits

Citizens of the People’s Republic of China must obtain a visa to enter Spain.

If the reason **for the trip to Spain is to carry out business activities, meetings with potential clients or visits to Spanish companies**, Chinese citizens must obtain a short-term Schengen visa.

Visas are issued by the Spanish Ministry of Foreign Affairs and Cooperation through its **consulates abroad**.

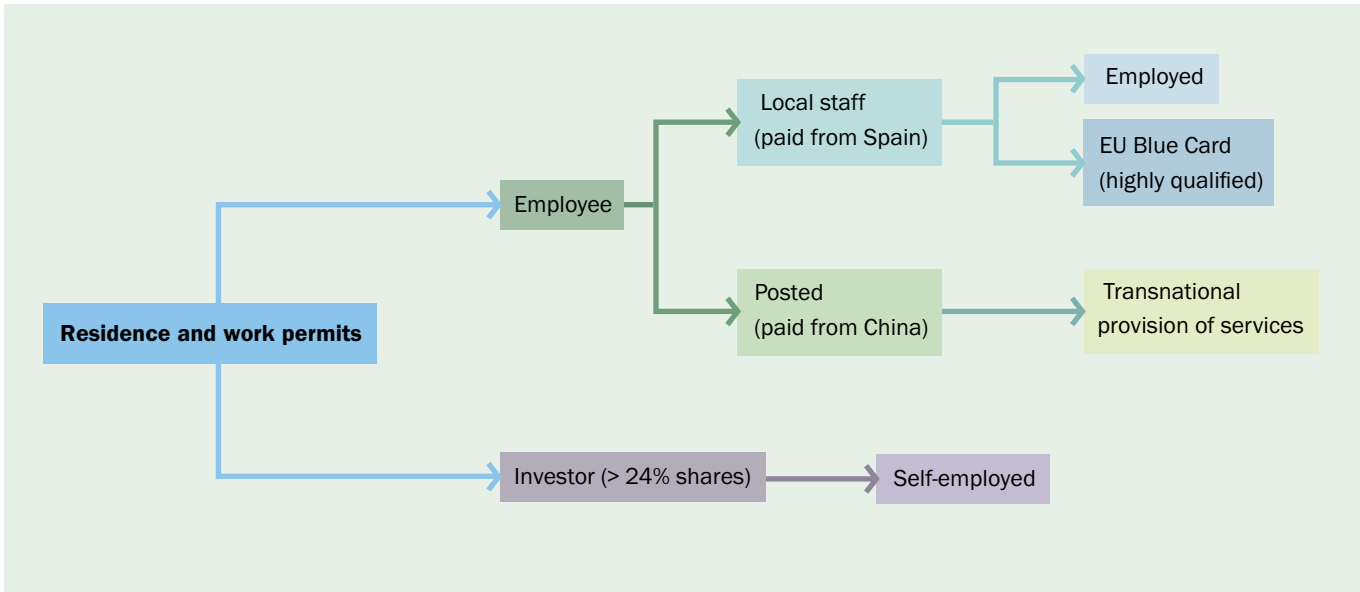
For more information on entry and visa requirements, visit the website of the Spanish Ministry of Foreign Affairs and Cooperation (MAEC): www.exteriores.gob.es/Portal/es/ServiciosAlCiudadano/Paginas/EmbajadasConsulados.aspx

If the reason for **travelling is to work in Spain**, either as a local employee, posted worker or employer, a residence and work visa must be obtained. This visa is part of the overall process of processing residence and work permits, which ends when one obtains a foreigner identity card after the Chinese citizen enters Spain with their employment visa. To obtain the card one must go to the Police Station corresponding to their place of residence in Spain.

www.policia.es/documentacion/oficinas/catalunya.html

Spain issues different types of residence and work permits depending on the nature of a foreigner’s employment in the country.

Main types of work permits



Source: Invest in Catalonia

Procedures. Locally hired workers (employed)

IMMIGRATION OFFICE (in Spain)	CONSULATE	POLICE STATION
<p>The entity, once established, requests a work permit at the Immigration Office.</p> <p>Relevant documents:</p> <ul style="list-style-type: none">• Employee training (CV, qualifications, etc.)• Company identification• Job description• Justification of the need to hire the foreign employee	<p>After the work permit is granted, the employee must apply for a work visa at the Spanish Consulate in their country of residence.</p> <p>Relevant documents:</p> <ul style="list-style-type: none">• Criminal record certificate, duly authenticated by the Ministry of Foreign Affairs of China.• Medical certificate	<p>After the work visa has been issued, the employee may travel to Spain, register with Social Security and process their residence permit.</p>

Source: Invest in Catalonia

Invest in Catalonia, as part of the Catalan government, has a fast track for the processing of the work and residence permits of senior managers.

Information available at: www.investincatalonia.com

Authorisations for employee work and residence for senior managers in Catalonia

AUTHORISATION REQUEST	VISA APPLICATION	ENTRY INTO SPAIN
<p>The employer will request authorisation in the office designated by the Department of Enterprise and Employment of the Generalitat de Catalunya via appointment. Residence and work permit fees must be paid before processing has begun.</p> <p>The decision period is 3 months from the day the application is filed. The failure of the government to issue a decision shall have the same effect as a negative response.</p>	<p>The worker has one month from the notification of the authorisation to the employer to personally apply for a work and residence visa at the diplomatic or consular mission of the district in which they reside.</p>	<p>The worker has the term of the visa –at least 3 months– to enter Spain and then 3 months to begin labour activities through affiliation, registration and contributions to Social Security.</p> <p>If the authorisation is valid for more than 6 months, the worker must request a Foreigner Identity Card (NIE).</p>
Conclusion: A well-documented authorisation application has a maximum processing period of 15 to 3 months		

Source: Invest in Catalonia

In addition, the new Act 14/2013 sets out the procedures by which managers and highly qualified personnel are hired, as well as the mobility of workers within the same group of companies for organisations engaged in foreign investment in Spain or whose business activity is considered to be of economic importance to the country. These requests are processed by the Unit for Large Companies and Strategic Groups. The main advantages of processing a work permit this way are:

- The resolution period is reduced to 20 days for residence permits (positive response).
- The “national employment situation” requirement is not taken into account. Under this requirement, a company must prove that a job can not be filled by a currently unemployed resident of Spain before processing a work permit for a foreign citizen.
- The worker may simultaneously apply for visa or residence for their spouse and children under the age of 18.



Procedures. Posted workers (transnational service employees)

IMMIGRATION OFFICE (in Spain)	CONSULATE	POLICE STATION
<p>The Chinese entity should grant power of attorney to a legal representative in Spain to apply for the work permit on their behalf at the Immigration Office.</p> <p>Relevant documents:</p> <ul style="list-style-type: none">• Employee training (CV, qualifications, etc.)• Identification of the Chinese company and its relationship with the Spanish company• Employment contract in China• Posting letter• Job description• Identification of the Spanish company• Power of attorney of the legal representative of the Chinese company in Spain	<p>After the work permit is granted, the employee must apply for a work visa at the Spanish Consulate in their country of residence.</p> <p>Relevant documents:</p> <ul style="list-style-type: none">• Criminal record certificate, duly authenticated by the Ministry of Foreign Affairs of China• Medical certificate• <i>Hukou</i>	<p>After the work visa has been issued, the employee may travel to Spain, register with Social Security (owing to the absence of a Social Security treaty between Spain and China) and process their residence permit.</p>

Source: Invest in Catalonia

Procedures. Entrepreneurs (entrepreneur visa)

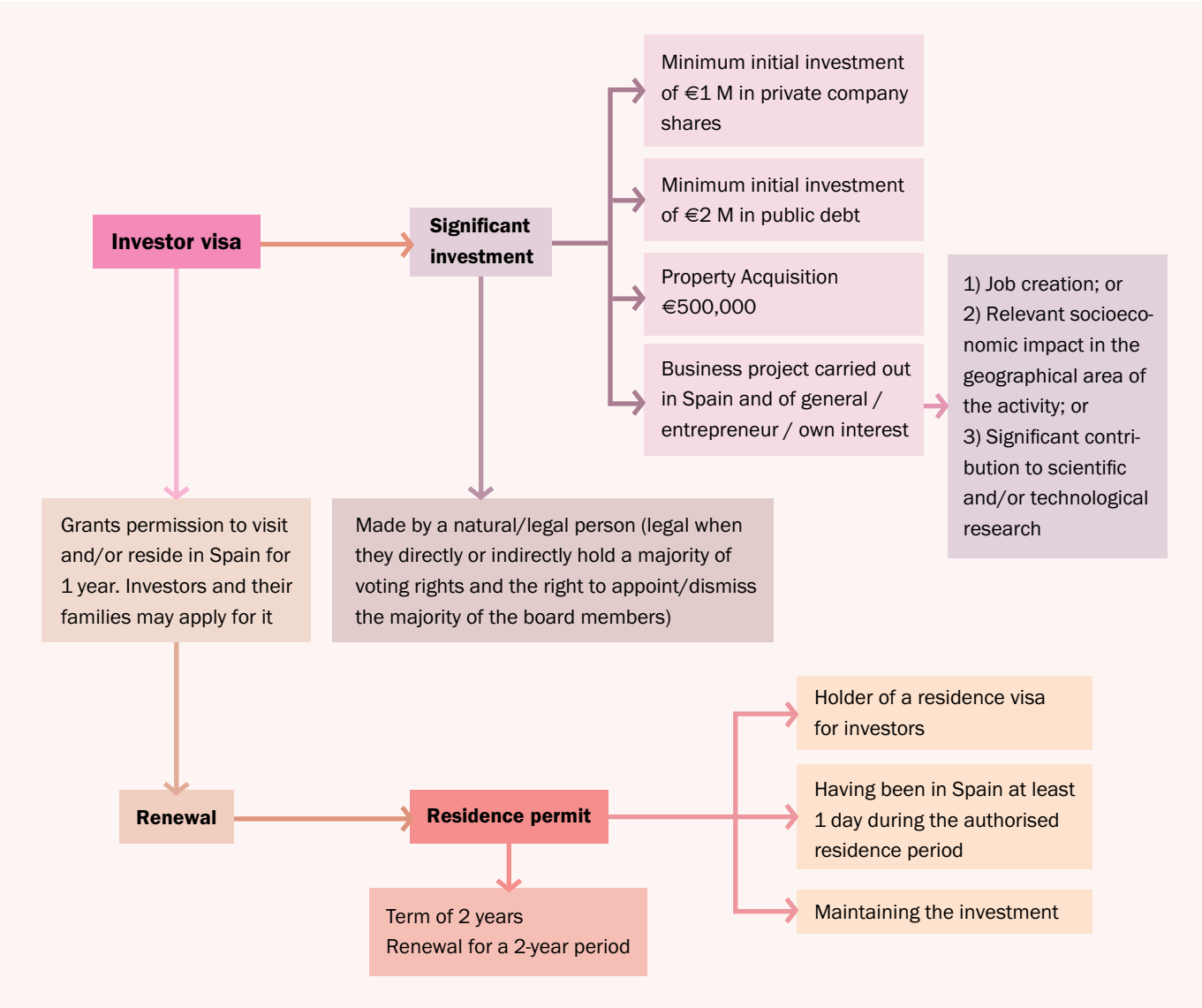
With the recent law passed in support of entrepreneurs and internationalisation, non-resident foreigners intending to enter Spain to make a “significant investment” of capital may request a residence visa for investors. Once in Spain, foreign investors may then obtain a residence permit that will enable them to begin their business activities in Spain before applying for the work permit.

MINISTRY OF ECONOMY	CONSULATE	IMMIGRATION OFFICE (in Spain)	POLICE STATION
<p>The applicant requests a report to accredit the relevance of their business project to the Ministry of Economy in Spain.</p> <p>Relevant documentation:</p> <ul style="list-style-type: none">• Professional profile of the entrepreneur• Company project• Added value for the Spanish economy, innovation or investment opportunities.	<p>After the report is obtained from the Ministry of Economy, the applicant requests the entrepreneur visa which is granted in 10 days’ time.</p>	<p>After the entrepreneur visa has been granted, the applicant can live in Spain, set up the company and begin their business operations. After the company has been set up, they can apply for their employee Residence and Work permit at the Immigration Office. The permit is granted in 20 days.</p>	<p>After the work visa has been issued, the employee may travel to Spain, register with Social Security and process their residence permit.</p>

Source: Invest in Catalonia

7.2. Procedures to consider

Entry and stay of investors



Source: Invest in Catalonia

Application forms for authorizations are available at:
http://extranjeros.empleo.gob.es/es/emprendedores_solicitudes/index.html

7.2.1. Hague Apostille / NIE

All **public documents** (*Hukou*, criminal record, etc.) **issued outside Spain** must be certified by the Chinese Ministry of Foreign Affairs to be valid in Spain. In addition, all documents written in a foreign language to be submitted for the processing of a work permit must first be translated into Spanish by a certified translator recognised by Spanish authorities. Most translation companies in Catalonia offer certified translations.

It should be borne in mind that this process of certifying public documents can take weeks. It is therefore recommended to find out what documents will be required for the processing of any needed residence and work permits before leaving China and sufficiently in advance.

The **NIE** (Foreigner Identification Number) is a unique registration number assigned to all foreigners living in Spain by which the foreigner is recognised by the Government. This number is required to carry out procedures with the government, pay taxes, buy a home, start a business, open a Spanish bank account, sign a mobile phone contract, etc.

Therefore, in cases where companies are to be established, the Chinese employer must apply for a NIE before obtaining the visa. This is necessary because before obtaining an entrepreneur's visa they must demonstrate that prior legal procedures such as the establishment of the company have been carried out.

It is possible to apply for a NIE in Spain, provided the applicant is in a state of legal residence, at a National Police Station. A duly accredited representative may also perform this procedure. It is also possible to apply for a NIE at Spanish consulates in China. For processing the official application form must be duly completed and submitted along with a passport and a photocopy of the same, as well as the documentation justifying the reasons why the NIE is needed.

7.2.2. Municipal registration

Municipal registration entails registering one's address with the Municipal Government. The process culminates with the delivery of a certificate of registration. The certificate is an official document with functions similar to *Hukou* in China, as it identifies a resident's address. In Spain, all persons are required by law to register with the city council in the municipality where they have established their habitual residence. The certificate is proof of this registration. Both individuals and families can register. Registration can be done at the Barcelona City Council's Municipal Citizen Service Office or at the same office in one's town of residence.

To obtain it, one must show a valid passport (one for each family member) and the original lease or deed of sale of their home. The process is quite fast and the certificate can be collected at the same office. Registration with the town council is important because it is the way to check and certify one's stay in Spain, and because it is necessary for administrative procedures such as applying for a residence permit, health card, enrolling children in school, etc.

7.3. Permit renewals

7.2.3. Opening a bank account

Spanish banks offer two types of bank accounts for foreign customers: **accounts for tax residents and non-residents, depending on the tax status of the applicant.**

Accounts for tax residents usually have lower fees than those for non-residents. Banks usually check the status of non-residents every six months. If, after opening an account as a non-resident, a Chinese citizen becomes tax resident, this change must be notified to the bank.

To open a resident account, you simply need to go to the bank with a residence card and an account will be opened at that moment. The bank will provide the customer with a savings account, a debit card or both. You can open an account in euros or in a foreign currency.

To open a bank account as a **non-tax resident**, one must only go to the bank of one's choice with a passport.

There are several banking options in Catalonia, from local banks to subsidiaries of major international institutions and investment banks. A good option may be to ask the bank's in one's country of origin, in this case China, about the possibility of opening an account with one of its subsidiaries in Catalonia, if one exists.



7.2.4. Power of attorney

Can a foreigner set up a company in Spain? Yes, this can be done by people in Spain (with or without legal residence) and those who live abroad. This can also be done by foreign legal persons by granting power of attorney to an individual to do it on their behalf. In the case of legal persons, they must have a Tax Identification Number (NIF). The representative, if they are **not a legal resident** in Spain, must apply for a NIE.

The founders must grant sufficient power of attorney to the person who will incorporate the new company in their name in Spain. **If power of attorney is granted in Spain**, the grantor must go before a Spanish notary public. **If power of attorney is granted** outside of Spain, the grantor must go before a notary public in the country in which the power is granted and proceed with the legalisation process.

7.2.5. Authorisation to work

Foreigners who are not citizens of the European Union (EU), the European Economic Area (EEA) or Switzerland and who are over the age of 16 and wish to engage in any lucrative activity in Spain, whether as a worker, professional, employee or self-employed person, must obtain government authorisation to work. No employer or business operator may hire a foreigner who is not authorised to work in Spain regardless of their length of employment.

7.2.6. National employment situation

Taken into consideration for the initial granting of work permits to EU/EEA/Switzerland non-citizens will be **a lack of skilled workers in the country** to perform the job requested by the company as well as a negative response to the required employment request to Spain's Public Employment Service.

This certificate **will not be necessary** in cases where workers are transferred within the same business group.

The specific circumstances for the granting of work permits in which **the national employment situation** is not considered are:

- When companies must hire more than 250 workers; when their turnover is more than 50 million; when they have more than €43 million in assets; when they have had foreign investment of at least €1 million in the last three years; or if they are engaged in any of the following business activities: information technology and communications; environment; renewable energy; water and water treatment; health sciences: bio-pharmaceutical and bio-technology; and aerospace.
- Workers designated to fill positions of trust (senior management).
- Workers needed for the assembly or repair of imported equipment.
- Those who hold a previous work permit for which renewal is sought.
- Foreigners holding a temporary residence permit obtained as a result of having been in any of the following circumstances: having held a permit and not having been able to renew it after two years of continuous residence in Spain, or evidence of a continuous stay in Spain without a residence permit for a minimum period of five years.
- Being the spouse or child of a foreign resident of Spain with a renewed work permit.
- Refugees and stateless persons under certain conditions.
- Having Spanish direct family members as dependents.
- Having been born in and being a resident of Spain.
- Being the son or grandson of a Spanish-born citizen.
- Foreign children under guardianship and of working age.
- Visas and residence permits requested based on Act 14/2013 on Support for Entrepreneurs and their Internationalisation.

Once a temporary residence permit has expired (granted for one-year periods with two possible extensions of two years each), it is possible to apply for long-term residence, which allows residence in Spain for an indefinite period and access to the labour market on equal terms with Spanish nationals. Foreigners holding a long-term residence permit should apply for card renewal every five years, with the exception of transnational service permits (maximum of two years).

Relevant agencies:

www.seap.minhap.gob.es/es/ministerio/delegaciones_gobierno/delegaciones/catalunya/extranjeria.html

www.maec.es/es/EYC/Paginas/embajadas-consulados.aspx

www.exteriores.gob.es/Portal/es/ServiciosAlCiudadano/Paginas/EmbajadasConsulados.aspx

www.mir.es

www.gencat.cat/empresaiocupacio/estrangeria

<http://extranjeros.mtas.es>

8. Useful contacts



8.1. Institutional contacts

8.1.1. Spanish Agencies

Spanish Ministry of Foreign Affairs and Cooperation
Palacio de Santa Cruz
Plaza de la Provincia, 1
28071 Madrid
www.exteriores.gob.es

Spanish Embassies and Consulates
www.exteriores.gob.es

Spanish Ministry of Employment and Social Security
Calle Agustín de Betancourt, 4
28071 Madrid
www.empleo.gob.es

Spanish General Secretariat for Immigration and Emigration
<http://extranjeros.empleo.gob.es>

Generalitat de Catalunya
ACCIÓ - Invest in Catalonia
Paseo de Gracia, 129
08008 Barcelona
www.catalonia.com

The Catalan government has prioritised support for businesses, providing an example of public-private cooperation. In this regard, ACCIÓ-Invest in Catalonia is the agency that supports investors who want to enter Europe. It offers specific services for Chinese companies that set up in Catalonia and provides legal advice in Chinese (China Desk). **Invest in Catalonia** specialises in promoting international investment in Catalonia. It offers personalised assistance to companies considering investing in Catalonia, offering advice and expertise during all phases of the investment project, from planning through development and implementation. Invest in Catalonia offers its services from its head office in Barcelona as well as from its 35 branch offices worldwide. Invest in Catalonia has locations in China in Beijing, Hong Kong and Shanghai.

ACCIÓ Beijing Office
Capital Mansion Office 1906
Nº 6 Xin Yuan Nan Road
Chao Yang District
Beijing, China
Tel: +86 10 84865223, 84865265
Fax: +86 10 84865001
Email: shenbin@bj-acc10.com
beijing@bj-acc10.com

ACCIÓ Shanghai Office
1606-07A Westgate Mall,
1038 Nanjing West Road, Shanghai, China
Tel: +86 21 3217 5130
Fax: +86 21 3217 5127
Email: txue@catalonia.com

ACCIÓ HongKong Office
2119-2121 Leighton Centre, 77 Leighton Road,
Causeway Bay, Hong Kong
Tel: +852 2893 1966
Fax: +852 2521 6902
Email: rguerra@catalonia.com

Ajuntament de Barcelona (Barcelona City Council)
Department of Economy, Enterprise and Employment
International Economic Development
Calle Llacuna, 162
08018 Barcelona
www.bcn.cat/barcelonagrowth

The municipal government of Barcelona, through the Department of International Economic Development, promotes the city as a centre for business and international investment and considers China as a priority market for intensifying economic relations. Barcelona’s Department of International Economic Development has a China Desk that offers assistance in Mandarin to investors and others wishing to explore opportunities or to do business in Barcelona and its area of influence. It welcomes numerous delegations of officials and business representatives from China and stocks publications in Chinese with information of economic interest. Moreover, it offers personalised accompaniment and advice to meet needs associated with setting up new companies, finding offices or premises, paperwork, etc. This is accomplished through the Business Services Office located in the Barcelona Growth Centre building.

Casa Asia
San Manuel Pavilion. Recinto Modernista de Sant Pau
Calle Sant Antoni Maria Claret, 167
08025 Barcelona
www.casaasia.es

Casa Asia is a public consortium which aims to boost relations with countries in the Asia-Pacific region. It is comprised of the Ministry of Foreign Affairs and Cooperation, the Government of Catalonia, the Barcelona City Council and the Madrid City Council. Its mission is to foster relationships with Asian countries through activities in the financial, trade, educational, cultural and social spheres. Over the course of a decade, Casa Asia has become a benchmark for Chinese companies and institutions for the successful implementation of all types of projects thanks to its extensive network of contacts, the expertise accumulated by the institution’s staff and its reputation. Casa Asia is a gateway to China in Barcelona, Catalonia, Spain and Europe.

8.1.2. Chinese institutions

Embassy of the People’s Republic of China in Spain
Calle Arturo Soria, 113
28043 Madrid
www.embajadachina.es

Chinese Economic and Commercial Office
Avenida de Ahones, 1
28043 Madrid

Consulate General of the People’s Republic of China in Barcelona
Avenida del Tibidabo, 34
08022 Barcelona
www.barcelona.china-consulate.org

Consular Office (visas and legalisation)
Calle Lleó XIII, 34
08022 Barcelona

8.1.3. Other organisations of interest

ESADE China Europe Club
Avenida de Pedralbes, 60-62
08034 Barcelona
www.esadegeo.com

ESADE China Europe Club is a business club led by the ESADE Business School and is made up of Chinese multinationals established in Spain and other European countries and Western companies.

Confucius Institute
Gran Via de les Corts Catalanes, 585, 2ª planta
Historic Building of the University of Barcelona
08007 Barcelona
www.confuciobarcelona.es

The Confucius Institute is a non-profit institution that seeks to promote the development of Chinese education and culture in Catalonia.

8.2. Services companies with a China Desk

This section contains a listing of consulting firms, lawyers, financial institutions, translators and other service companies that may be required by Chinese investors and entrepreneurs wishing to do business or invest in Barcelona and Catalonia.¹

From the wide range of available suppliers, only those companies or professionals that meet the following three requirements are listed:

- They must already be established in Catalonia (as parent or subsidiary companies) and, therefore, be familiar with the local business environment.
- They must have staff that can offer assistance in Mandarin Chinese; that is, they have a China Desk.
- They must have demonstrable experience in business or international investor consulting.

1. This list, which is based on ACCIÓ records, is probably not exhaustive. If you know of any company or consulting professional that advises on businesses matters and meets the above requirements, please contact the organisations that publish this guide so that they may be included in future editions.

8.2.1. Lawyers and Consultants

AGM Abogados
www.agmabogados.com
Email: chinadesk@agmabogados.com
Professional area: Law

Baker & Mckenzie Barcelona
www.bakermckenzie.com
Email: Jorge.adell@bakermckenzie.com
Professional areas: Law and consulting

Baker Tilly
www.bakertilly.es
Email: info@bakertilly.es
Professional areas: Law and consulting

Barcelona Business Landing
www.barcelonalanding.com
Email: info@barcelonalanding.com
Professional area: Consulting

Barcelona Fang
www.barcelonafang.com
Email: barcelonafang@nucom.es
Professional area: Consulting

Borsub Internationa SL
www.borsub.com
Email: borsub.international@borsub.com
Professional area: Consulting

China Culture Business Consulting SL
www.businesschina.es
Email: info@businesschina.es
Professional area: Consulting

Cuatrecasas, Gonçalves Pereira
www.cuatrecasas.com
Email: omar.puertas@cuatrecasas.com
Professional area: Law

Dextal International
www.dextalinternational.com
Email: soley@dextalinternational.com
Professional area: Consulting

DS Advocats i Economistes SL
www.ds-advocats.com
Email: mllimona@dsae.cat
Professional area: Law

Emergia Partners SL
www.emergiapartners.com
Email: kexin@emergiapartners.com
Professional area: Consulting

EY
www.ey.com
Email: francesc.maynoufernandez@es.ey.com
Professional areas: Law and consulting

Gesdocument y Gestión SA
www.gesdocument.com
Email: gd@gesdocument.com
Professional area: International mobility and immigration

J&A Garrigues SLP
www.garrigues.com
Email: albert.collado@garrigues.com
Professional area: Law

KPMG Asesores
www.kpmg.es
Email: mmontero1@kpmg.es
Professional areas: Law and consulting

Hispano-Asian Business Consulting SL
www.hispanoasian.com
Email: info@hispanoasian.com
Professional area: Consulting

Interben
www.interchinaconsulting.com
Email: bcn@interchinaconsulting.com
Professional area: Consulting

Jausas Legal Tributario SLP
www.jausaslegal.com
Email: nbriznbriz@jausaslegal.com
Professional area: Law

Mazars
www.mazars.es
Email: chinadesk@mazars.es
Professional area: Law

Net Craman Abogados Asociados SLP
www.net-craman.com
Email: abogadosasociados@net-craman.com
Professional area: Law

People & Projects
www.pndp.net
Email: judith@pndp.net
Professional area: Consulting

Lawyers Qimeng
www.qimeng.es
Email: info@qimeng.es
Professional area: Law

Roca Junyent
www.rocajunyent.com
Email: j.herrero@rocajunyent.com
Professional area: Law

UHY
www.uhy.com
Email: jwilson@uhy-fay.com
Professional area: Law

Uría Menéndez
www.uria.com
Email: barcelona@uria.com
Professional area: Law

Vela Hispachina Comercio Internacional SL
www.velahcci.es
Email: vela@velahcci.es
Professional area: Consulting

8.2.2. Financial institutions

Banc de Sabadell

www.grupbancsabadell.com
Email: sanmiguels@bancsabadell.com

Caixabank

www.lacaixa.es
Email: fjserrado@lacaixa.net.cn

Industrial & Comercial Bank Of China
(Europe) SA – ICBC

Branch in Spain
www.icbc.com.es
Email: icbcspain@es.icbc.com.cn

The European Division of ICBC put up €13.7 million in October 2010 to set up its first establishment in Spain. The ICBC branch in Madrid began public operations in 2011, attracting great interest not only amongst Spanish and Chinese citizens, but amongst those of other nationalities.

The company has experienced rapid growth in recent years. In 2012 a branch was set up in Barcelona and an office building was purchased in Madrid to operate as ICBC’s head office in Spain.

It should be mentioned that ICBC is the only Chinese bank operating in Spain. Its mission is to promote financial, commercial and cultural exchange between Spain and China, and to promote investment between the two countries.

8.2.3. Property services for companies

Cornex Capital

www.cornexcapital.com
Email: china@cornexcapital.com
Professional areas: Property services, private equity, consulting, advisory and financing

Jones Lang Lasalle

www.jll.es
Email: jordi.toboso@eu.jll.com
Professional areas: Property services in the office sector for investors; business, industrial and logistics premises; shopping, residential and hotel facilities

8.2.4. Staff recruiting services

Manpowergroup

www.manpowergroup.com
Email: manpower@manpower.es
Professional area: Selection, evaluation, hiring, temporary work, training, outplacement, career management, human resources consulting and outsourcing

Michael Page

www.michaelpage.es
Email: ferranaguilo@michaelpage.es
Professional area: Human resources

8.2.5. Certified translators

Chang Shiu, Ho-Meng

Calle Sant Gabriel, 2, 1º
08012 Barcelona
Tel.: +34 932 182 273 / 616 727 076
Email: juradochino@hotmail.com;
hmchinatranslation@yahoo.com.cn

Lin Pu, Yi

Calle Roger de Flor, 83, Local 3
08013 Barcelona
Tel.: +34 931 257 402 / 671 977 718
Email: doctorlinbcn@yahoo.es

8.3. International schools

At present there are no primary/secondary schools in Catalonia that teach in Mandarin.

However, two types of international schools are present in the Barcelona area:

- Schools that follow the courses of study of their countries: American, British, French, German, Swiss, Italian and Japanese schools.
- Schools that teach in a foreign language but follow a local course of studies.

It is also important to mention that some schools offer the International Baccalaureate (IB), an educational programme founded in Geneva in 1968. It is currently followed by more than 3,600 schools in 146 countries. Earning this Baccalaureate degree will enable access to various prestigious universities around the world.

International schools in the area that have English as their main language and offer the IB are listed below.

Àgora Masia Bach International School

Town: Sant Esteve Sesrovires
www.agoraisbarcelona.edu.es

Àgora Sant Cugat International School (IB)

Town: Sant Cugat del Vallès
www.agorasantcugat.edu.es

American School of Barcelona (IB)

Town: Esplugues de Llobregat
www.a-s-b.com

Aula Escola Europea (IB)

City: Barcelona
www.aula-ee.com

Benjamin Franklin International School (IB)

City: Barcelona
www.bfischool.org

British School of Barcelona

Town: Castelldefels
www.britishschoolbarcelona.com

Col·legi Montserrat (IB)

City: Barcelona
www.cmontserrat.org

Col·legi Xaloc (IB)

Town: L'Hospitalet de Llobregat
www.xaloc.org

English Academy Santa Claus

City: Barcelona
www.academysantaclaus.com

English School

City: Barcelona
www.colegioingles.net

ESCAAN International School (IB)

Town: Sitges
www.escaan.com

ES International School

Town: El Prat de Llobregat
www.es-school.com

Europa International School

Town: Sant Cugat del Vallès
www.europais.com

Hamelin International Laie School (IB)

Town: Alella
www.escolessas.com

Highlands School

City: Barcelona
www.colegiohighlands.net

John Talabot School

City: Barcelona
www.johntalabot.com

Kensington School

City: Barcelona
www.kensingtonschoolbcn.com

Oak House School

City: Barcelona
www.oakhouseschool.com

Princess Margaret School

City: Barcelona
www.princessmargaret.org

Santa Clara International College

City: Barcelona
www.santaclaraic.com

Sek-Catalunya (IB)

Town: La Garriga
www.sek.es

St Paul’s School

City: Barcelona
www.stpauls.es

St Peter’s School

City: Barcelona
www.stpeters.es

The International School of Catalunya

Town: La Garriga
www.iscat.es

The Olive Tree School

Town: Sant Pere de Ribes
www.olivetreeschool.net

Appendix 1

Main economic indicators for Catalonia-Spain

		Catalonia	Spain	CAT/ESP
POPULATION	Inhabitants	7,571,000	47,265,321	16.02%
GDP	Foreign population	1,186,779	5,562,067	21.34%
	GDP (current prices in €M)	207,762	1,051,204	19.76%
	GDP (current prices, variation)	-1.3%	-1.4%	–
	GDP per capita (current prices in €)	27,698	22,700	122.02%
	GDP (current prices in €M)	191,476	964,405	19.85%
	GVA Industry, Energy and Water	20.89%	16.94%	24.49%
	GVA Construction	8.49%	9.10%	18.53%
	GVA Services	69.62%	71.27%	19.40%
	GVA Agriculture	1.00%	2.70%	7.33%
CPI	Inflation (% change)	3.60%	2.90%	–
LABOUR MARKET	Activity rate	61.80%	59.80%	–
	Unemployment rate	22.60%	25.00%	–
EXTERNAL SECTOR	Exports (€M)	58,283	222,644	26.20%
	Exports (% change)	6.10%	3.40%	
	Exports of medium-high and high-level technology (€M)	32,152.20	99,524.90	32.31%
	Exports (€M)	68,688	253,401	27.10%
	Exports (% change)	5.28%	8.65%	–
	Exports of medium-high and high-level technology (€M)	32,540.40	101,704.20	32.00%
FOREIGN INVESTMENT	Total foreign investment (€M)	3,077.28	18,402.76	16.72%
	Productive foreign investment (€M)	2,602.94	13,460.45	19.34%
	Foreign industrial investment (€M)	1,188.16	4,017.13	29.58%
	Industrial investment as % of productive investment (% of total)	45.65%	29.84%	–
	Investment abroad / Outward Investment (€M)	2,943.65	30,611.17	9.62%
BUSINESS ACTIVITY	Number of companies	602,161	3,199,617	18.82%
	Number of services sector companies	474,915	2,522,223	18.83%
	Number of industrial sector companies	41,152	214,992	19.14%
	Number of start-up companies	16,531	88,412	18.70%
	Number of companies that regularly export (>€50,000)	6,473	20,598	31.43%
R&D	Domestic expenditure on R & D (thousands) 2011	3,103,712	14,184,295	21.88%
	Domestic expenditure on R & D (% of GDP mp) 2011	1.55%	1.33%	–
	Innovation expenditure (thousands) 2011 sv	3,407,529	14,755,807	23.10%
	Technological innovation expenditure (% of GDP) 2011 sv	1.64%	1.40%	–
	Innovative companies 2011 sv	4,543	20,486	22.18%

Source: IDESCAT, INE and Ministry of Economy and Competitiveness
Data for 2012
Note: sv = Survey Data

Appendix 2

Companies with investment capital from China

Companies with investment capital from China including Hong Kong

Companies	Sector	Area
Sichuan Sunfor Light Co. Ltd.	Agri-food	Commercial
Lee's Food Ibérica S.L.	Agri-food	Commercial
Candy Novelty Works Limited	Agri-food	Commercial
Huayi (Sichuan Changhong Electric Group)	Machinery	Industrial
Baosteel Co. Ltd.	Metallurgical	Commercial
China National Chemical Corporation	Metallurgical	Logistics
Goldbridge Bruder S.A.	Automotive	Commercial
Quianjiang-Keeway	Automotive	Commercial
Shining Air Conditioner Spain SL	Construction	Construction
EastSun Holdings (Eash) Ltd.	Construction	Construction
Mandarin Oriental Holdings BV	Construction	Services
Sureta Limited	Construction	Services
China Minmetals Corporation	Wood	Commercial
LA Holdings Limited	Chemical	Industrial
Mathiesen Corporation Limited	Chemical	Commercial
Bluestar Silicones International Sarl	Chemical	Industrial
Joyway Limited	Textile and leather	Commercial
Fong Chan Chuen	Textile and leather	Commercial
Silver Apex Industrial Limited	Textile and leather	Commercial
Ningbo Gigabyte Technologt Co. Ltd.	Electrical/Electronics	Commercial
Haier Group	Electrical/Electronics	Commercial
Hong Kong Gree Electric Appliances Sales Ltd.	Electrical/Electronics	Commercial
Hong Kong Equity Partners Ltd.	Electrical/Electronics	Commercial
Otio France SA	Electrical/Electronics	Commercial
Jiangsu Sunrain Solar Energy	Electrical/Electronics	Construction
Midea Refrigerations (Hong Kong) Limited	Electrical/Electronics	Commercial
GDC Technology (Hong Kong) Limited	ICT	Services
Chint Solar (Zhejiang) Co. Ltd.	Solar energy	Services
Global Eastern Trading Limited	Aeronautical	Commercial
Hutchison Port Holdings (Hph)	Logistics	Logistics
Cosco Group (China Ocean Shipping Company)	Logistics	Logistics
Grand View Container Trading South Europe (GVCT)	Logistics	Commercial
ASW Forwarders (Holding) Ltd.	Logistics	Logistics
China Shipping Container Lines (CSCL)	Logistics	Logistics

Companies	Sector	Area
Kerry Logistics Network	Logistics	Logistics
TCP Group Limited	Services	Services
BPS Hong Kong Limited	Services	Commercial
Melenco Holding Limited	Services	Services
Century Capital Investment Limited	Services	Commercial
Sweda International Limited	Services	Commercial
China Certification & Inspection Group (CCIC)	Services	Services
Mankato Consultants Limited	Services	Services
United Pacific Investment Ltd.	Services	Services
Overveen Generaal (Netherlands) BV	Services	R&D
HiSoft	Services	Services
ICBC – Industrial Commercial Bank of China	Financial	Services
Speed Faircompany Limited	Others	Industrial
Cronos	Others	Commercial

Companies with investment capital from China/Taiwan

Companies	Sector	Area
Edgecore Networks Corporation	Machinery	Commercial
Foxen Sistemas y Comunicaciones SA	Machinery	Commercial
Taiwan Paiho Ltd.	Chemical	Industrial
Xintaibi Electrónica SL	ICT	Commercial
Toro Limited	ICT	Services
D-Link	ICT	Commercial
Benq Technology–Qisda Corporation	Electrical/Electronics	Commercial
AsustekComputer	Electrical/Electronics	Commercial
Acer	Electrical/Electronics	Commercial

Source: Census of foreign companies, Invest in Catalonia, July 2013



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ICBC

中国工商银行